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**UNIVERSITY OF BRISTOL**

**ROGER JOHN MIDDLETON**

**THE FORMULATION AND IMPLEMENTATION  
OF BRITISH AGRICULTURAL POLICY 1945 - 1951**

**This thesis submitted to the University of Bristol in  
accordance with the requirements for the degree of  
PhD in the Faculty of Social Sciences.**

**SUBMITTED APRIL 1992**

# **ABSTRACT**

This thesis is a study of the development of agricultural policy under the post-war Labour Government, and examines the various economic and political factors that influenced the formulation of policy in the period from 1945-51. The long-term impact of Labour policy on the industry is also discussed.

The introductory Chapter discusses inter-war agricultural policy and the impact of the war on the industry.

Chapter I examines the development of wartime policy and traces the evolution of Government thinking on the direction policy should take in the post-war period.

Chapter II discusses the development of Labour's agricultural policy from the 1918 Party Conference to the 1945 Election Manifesto.

Chapter III examines the growth of policy from 1945 to 1947.

What will emerge from these three Chapters is that while Labour's policies were in many respects simply a continuation of wartime measures and mechanisms, the latter embodied basic principles that had formed a crucial part of Labour's programme in the 1930's.

Chapter IV examines the annual price review system in the context of labour's broader economic and financial policies in this period, and measures the cost of the expansion programme against what was achieved in terms of increased output and increased efficiency.

Chapter V discusses the development of marketing policy after 1945.

Chapter VI reviews the progress of the expansion programme after 1947, and examines the impact the expansion programme had on both agricultural policy and production after 1951.

Chapter VII reviews the development of Conservative Party policy after 1945, and examines the political considerations that influenced both Labour and Conservative policy in this period.

Chapter VIII examines the relationship between Labour and the agricultural workers in the post-war period.

## ACKNOWLEDGEMENTS

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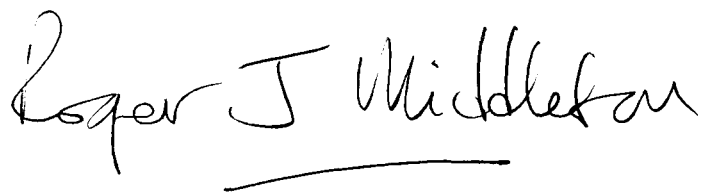
On a personal note, I would like to thank my mother, June Middleton, for her love, understanding, and constant encouragement of my studies over the years. I must also thank David Schofield, Doctor Jonathan Bradbury, Karen Wellman, Annwen Jones, Sarah Eliot, Duncan Raeburn, Doctor Phillip Norrey, Kay McIntyre, Tessa Frost, Lorne Stigant, Susan Warneford-Thompson, Neil Rollings, Russ Symons, Sara Bragg, Gail Stone and all my other friends and colleagues for their friendship and support.

Finally, I would like to dedicate this thesis to my father, John Middleton.



## **DECLARATION**

I hereby declare that the work contained in this thesis is wholly my own work and was not conducted in collaboration with, or with the assistance of, any other person or persons.

A handwritten signature in black ink that reads "Roger J Middleton". The signature is written in a cursive style, with the first name "Roger" and the last name "Middleton" clearly legible. A horizontal line is drawn underneath the signature.

**ROGER JOHN MIDDLETON**

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# INTRODUCTION

In the inter-war years British agriculture was frequently described as the 'Cinderella' of British Industries, a description of relative neglect which could with some justification be applied to the industry's treatment by modern economic historians. For while CAP and its implications have generated a considerable body of work on contemporary farming issues,<sup>1</sup> comparatively little work has been done on the development of policy in the immediate post-war period. In studies of post-war economic policy farming receives at best a few brief mentions.<sup>2</sup> The two most comprehensive studies of post-war agriculture are Self and Storing, The State and The Farmer and Holderness, British Agriculture Since 1945. Both are based solely on secondary sources and so can only provide a partial account of the development of policy after 1945.<sup>3</sup>

The immediate post-war years were, however, of great significance to the industry, the period which saw the ad hoc legislation of the inter-war years replaced by a

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1 For example, see B.E. Hill, The Common Agricultural Policy: Past, Present and Future (1984); S.T. Rogers and B. M. Davey (eds.), The Common Agricultural Policy And Britain (1973) ; R. Norton-Taylor, Whose Land Is It Anyway? (1982)

2 For example, See Sir A. Cairncross, Years of Recovery : British Economic Policy 1945-51 (1985) ; K. O. Morgan, Labour in Power 1945-51 (1985) ; G. C. Peden, British Economic and Social Policy (1985). The emphasis in S. Pollard, The Development of the British Economy 1914-1980 (1983) is on agriculture after 1950. Worswick and Ady do, however, devote a chapter of The British Economy, 1945-1950 (1952) to agriculture.

3 P. Self and M. J. Storing, The State and the Farmer (1962) ; B. A. Holderness, British Agriculture Since 1945 (1985). Like Pollard, op.cit., Self and Storing largely concentrate on the development of policy in the 1950's. E. H. Whetham, British Farming 1939-49 (1952) is mainly concerned with the war years, but makes some interesting criticisms of certain aspects of post-war policy. Another survey of the broad trends in post-war policy is given in J. K. Bowers, 'British Agricultural Policy Since the Second World War', in the Agricultural History Review Vol. 33 (1985), Part One.

comprehensive system of price guarantees. As a corollary to these guarantees the industry assumed an obligation to maintain minimum standards of husbandry and estate management. These standards would, if necessary, be enforced by the State through the activities of the Minister's local agents, the County Agricultural Executive Committees (CAECs). These Committees were themselves in part composed of local farmers, landowners and farmworkers. If a farmer consistently failed to meet the Ministry's requirements he could ultimately be dispossessed of his land by compulsory purchase or by having his tenancy terminated. Thus the post-war period saw the government assume a greater degree of control over the industry than had been the case in the inter-war period.

If the agricultural policy of the 1930's was, as Self and Storing argue, permeated with a 'depression psychology',<sup>4</sup> then the key to policy after 1945 was expansion, Labour's target being a 50% increase in net output over pre-war by 1951/52. The price mechanism was the main engine of the expansion programme, and so the years after 1945 saw the farmers building on their wartime gains, a far cry from their experiences in the years after 1918.

The demands of wartime production brought the industry, in the form of the National Farmers' Union (NFU), into an increasingly close relationship with Whitehall, a process which culminated in creation of the annual price review (APR) procedure for the transition period from war to peace. However, the Agriculture Act 1947 made the review mechanism, and thus the NFU's role in the policy making process, a permanent

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4 Self and Storing, op.cit., p.19

feature of post-war economic policy. As J. K. Bowers argues, the NFU were granted a unique position amongst British industries, in having a statutory right to consultation with the government over the prices they would receive for their produce.<sup>5</sup>

A study of the archival sources available in the PRO also reveals that both politicians and civil servants assigned British producers a key role in the nation's economic recovery, particularly after the economic crises of 1946/47. The industry was seen as the country's chief dollar saver and as playing a crucial role in solving the UK's serious balance of payments problems, its contribution being seen as important as that of the coal industry in this period.<sup>6</sup>

The object of this thesis is to make an initial contribution to the study of post-war British agricultural policy, by focusing on the crucial years between 1945 and 1951, the period which saw the construction of a framework which was to underpin agricultural policy until the early 1970's.<sup>7</sup>

As later chapters will show, the 1947 Act made permanent measures and mechanisms which had been introduced during the war or had been devised to bridge the transition from war to peace. These measures were believed to have 'worked well and ... proved

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5 J. K. Bowers, op. cit., p.67.

6 For example, see Hugh Dalton, High Tide and After : Memoirs 1945-60 (1962), p.191. 'It (the expansion programme) cost a lot of money but ... I wanted the maximum production of home grown food and, in my long battle against dollar shortage, I often said that "British agriculture is best dollar saver".'

7 Under CAP, the Market is managed to bring prices up to their guaranteed level, which is achieved by high tariffs on produce from outside the EEC and the purchase of any surpluses. The cost of agriculture therefore falls on the consumer rather than on the Exchequer.

flexible in operation'.<sup>8</sup> The wartime policy discussions only envisaged a modest level of expansion in the long term, with a fairly rapid return to an essentially pre-war pattern of production.<sup>9</sup> However, in the years after 1945 the deterioration of world food supplies in the face of poor harvests, and Britain's worsening BOP position, undermined these wartime assumptions. Labour were forced to initiate a programme of agricultural expansion of a far greater scale, and on a more comprehensive basis, that had been envisaged in any of the wartime discussions on the future of the industry.<sup>10</sup>

The transition from war to peacetime production was also to have been accompanied by a reduction in agricultural incomes from their high wartime levels, and aggregate net income did fall between 1945 and 1947. However, the expansion programme was accompanied by a considerable increase in aggregate net income.<sup>11</sup> Net income reached its post-war peak in 1949/50 and although it declined thereafter, by the end of Labour's period in office aggregate net income was still considerably higher than it had been at the peak of the wartime production campaign.<sup>12</sup>

By the mid 1950's the terms of trade had moved against primary producers to an extent that could not have been envisaged in the 1940's. Britain's dollar problems had

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8 LPC (45) 216, October 29 1945, 'Agricultural Policy', memorandum by the Minister of Agriculture, Secretary of State for Scotland and the Secretary of State for the Home Department (the Agriculture Ministers), in PRO CAB 71/22.

9 See Chapter III. Meat, rather than grain, was the commodity thought most likely to be in short supply in the long-term.

10 See Chapter III.

11 See Chapter VI.

12 At its wartime peak, aggregate net income reached £230.5 million. K. A. H. (Lord) Murray, Agriculture (1955), p. 379.

largely receded and 'worldwide gluts seemed to be replacing the frequent shortages in traded agricultural commodities that had clouded the immediate post-war years'.<sup>13</sup> These factors, and the election of a Conservative government pledged to decontrol, ushered in a new phase in the development of British agricultural policy.

With the end of state control and rationing in 1953/54, fixed guaranteed prices were replaced by a system of deficiency payments,<sup>14</sup> a mechanism which allowed the Conservatives to combine a policy of cheap food with continuing support for the industry. Consumer food subsidies were replaced by producer subsidies, and cost-effectiveness increasingly began to replace expansion as the driving principle behind government policy. As later chapters will show, this change of direction served to reveal a number of underlying weaknesses in Labour's agricultural policy. Despite the changes in policy after 1951, the 1947 Act remained the 'touchstone' for any subsequent legislation; even as late as 1960 the Conservatives still found it necessary to pledge their commitment to maintaining the value of the guarantees under the Act.<sup>15</sup>

Any study of post-war agricultural policy must give some consideration to the development of both the industry and of policy itself in the inter-war period. An examination of structural change within the industry between 1918 and 1939 will help to set the wartime production programme, and wartime plans for the future of the

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13 BA Holderness, op. cit., p.19.

14 Under the new system, farmers sold their produce for the best market price they could obtain, and the difference between the average market price and the fixed price at the APR was paid retrospectively on each unit of output sold.

15 See Chapter VII.



industry, in context. It will also provide a basis on which the significance of the events of the post-war period can be assessed.

While the early years of the First World War saw little change in the structure of agricultural production, the second half of the War saw considerable structural change, as Table One illustrates.

TABLE ONE	<u>British Farm Output Structure 1914 - 18</u>					
	(percent of total output)					
	1909-13	1914	1915	1916	1917	1918
Cereals & Potatoes	16.6	16.6	17.3	14.9	18.8	26.1
Dairy Produce	16.8	17.7	17.1	16.6	15.2	13.9
Livestock	40.5	38.4	38.2	38.8	36.0	29.8
Other	26.1	27.3	27.4	29.7	30.0	30.2

Source: P. Dewey, British Agriculture in the First World War,  
(1989), P.212

By the end of the war cereals and potatoes, which had accounted for approximately 17% of pre-war output, constituted 25% of total output, while livestock production had fallen from 40 to 30% of British Farm output.<sup>16</sup> Livestock production had been hit by growing shortages of animal feed, and by declining slaughter rates for cattle and sheep. The latter had in turn been caused, at least in part, by an ill-judged pricing policy.<sup>17</sup> The high price and scarcity of animal feeds was also responsible for the

16 Dewey, op. cit., p. 213.

17 ibid., p. 214.

decline in dairy production during the War. It was not until the mid 1920's that the numbers of cattle, sheep and pigs on British farms recovered from the losses inflicted by the wartime 'ploughing up' campaign.<sup>18</sup>

As Dewey argues the War appeared to have little lasting impact on British farming. The price guarantees enshrined in the Corn Production Act 1917 and the Agriculture Act 1920 were soon abandoned in the face of collapsing prices. The War had no lasting effect on the structure of production, as pre-war trends in production quickly began to reassert themselves after 1918. The position of the industry within the British economy remained unchanged.<sup>19</sup> One legacy 'lay in the lessons of policy' and would not in fact emerge until the outbreak of the Second World War, when the policies of 1917-18 were 'replayed ... to much greater effect'.<sup>20</sup> The other legacy, and one which will be discussed in detail below, was its lasting impact on the structure of agricultural land holding.

The Food Production Campaign had brought an additional one million acres into arable production.<sup>21</sup> When the Campaign ended in March 1919 British producers soon began to return to their normal patterns of production. Many grassland farmers returned their fields to pasture, while arable producers attempted to return their fields to a normal rotation after three years of intensive cropping. As Edith Whetham

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18 E. H. Whetham, The Agrarian History of England & Wales, Vol. VIII : 1914 - 1939 (1978), p. 173.

19 Dewey, op. cit., p. 240 - 241.

20 ibid., p. 241.

21 Whetham (1978), p. 103. The arable acreage increased from 11 million acres in 1914 to 12.3 million acres by 1919. The area sown to permanent grass declined from 16.1 million to 14.4 million acres over the same period.

argues, the adverse effects of these wartime cropping patterns were still being felt in the late 1930's.<sup>22</sup> Between 1918 and 1921 the total arable acreage fell by 400,000 acres, while the area under both temporary and permanent grass increased. Between 1918 and 1929, the area of land sown to arable crops declined from 12.4 million to 9.9 million acres, while the area sown to permanent grass increased from 14.6 million to 15.5 million acres over the same period.<sup>23</sup>

With the repeal of the Corn Production Act, the 'Great Betrayal' of the farmers by the Government, agricultural prices, incomes and wages were once again abandoned to the free play of market forces.<sup>24</sup> The agricultural price index [base 1911-13=100] fell from its peak of 300 in September 1920 to 157 by December 1922. As Whetham argues, no farmer could avoid making losses in this period, as he would have to sell his output at a price level which was always lower than the level of costs. The marketing of produce became a gamble, and the rapid fall in the price level also prevented any effective long-term planning.<sup>25</sup>

Within the general decline in the agricultural price index, cereal prices came nearer to falling to their pre-war level than livestock prices; at the 1922 harvest cereal prices were just 30% higher than pre-war, while the prices of fatstock and livestock products

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22 ibid., p. 124. For example, as late as 1935 farms on the Yorkshire Wolds were still plagued with weeds, a direct result of the extra grain crops taken in the last years of the war.

23 ibid., p. 173.

24 Howard Newby, Country Life (1983), p. 167 and Whetham (1987), p. 142. The collapse in prices was due, at least in part, to a renewal of the international trade in cereals from North America and elsewhere.

25 Whetham (1978), p. 142, and Murray, op. cit., p. 18-20.

had stabilised at between 50% and 60% above their pre-war level.<sup>26</sup> After a period of relative stability, the return to the gold standard in 1925 prompted a further, albeit more gradual, decline in prices. The price index for agricultural produce had fallen to 144 by 1927 (base 1911-13=100), although grain producers often secured prices only a few points higher than in pre-war years. As the prices producers received for livestock and livestock produce were generally above average, and the prices of animal feeds below average, dairying and livestock were more likely to yield a profit than arable production.<sup>27</sup>

The agricultural depression of the 1920's was thus primarily an arable one, and conditions in many traditional arable districts were worse than those which had prevailed in the 1880's and 1890's. In 1923 the Lincolnshire Wolds were described as an 'economic white elephant', and the Cotswolds were similarly affected. In the ten years from 1921, farm capital in the Eastern arable counties diminished by 66%.<sup>28</sup> The impact of the trends in cereal prices can be trace in Tables Two and Three.

The post-war collapse of prices, and the relative stability of agricultural wages after 1924, provoked a variety of responses from producers. While some farmers simply reduced the amount of labour they employed, others moved into more intensive production, growing vegetables and sugar beet instead of the more traditional root crops. Some producers undertook new, more labour intensive enterprises, such as

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26 Whetham (1978), p. 143.

27 ibid., p. 148.

28 J. Brown, Agriculture In England : A. Survey of Farming 1870-1947 (1987), p. 84.

**TABLE TWO**                      Area of Cultivated Land in England and Wales 1918 - 29

Million Acres	Temporary Grass	Tillage	Total Arable	Permanent Grass
1918	2.1	10.3	12.4	14.6
1919	2.3	10.0	12.3	14.4
1920	2.5	9.5	12.0	14.5
1921	2.6	9.0	11.6	14.5
1922	2.4	9.0	11.3	14.7
1923	2.7	8.5	11.2	14.8
1924	2.6	8.3	10.9	14.9
1925	2.6	8.1	10.7	15.1
1926	2.5	8.0	10.5	15.1
1927	2.5	7.8	10.3	15.3
1928	2.5	7.6	10.1	15.4
1929	2.4	7.5	9.9	15.5

Source: Whetham (1978), P.172.

specialised dairy and pig rearing or soft fruit production. The more efficient producers were able to benefit from the intensification of production and output. The less efficient, constrained by shortages of capital and credit, were forced to cut both inputs and outputs in order to survive 'conditions of near insolvency'.<sup>29</sup>

Economy in the use of labour, cheaper cereals and transport and lower rents did allow producers to reduce their costs as prices fell, although there was still little surplus income available to either pay off debts or invest in new machinery. While a small number of producers were able to make a reasonable living in the 1920's, low incomes, debts and a lack of education and capital forced the majority to operate at low levels of both production and income.

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29      Whetham (1978), p. 213 - 216.

British farmers enjoyed a high level of profit during the War.<sup>30</sup> However, the slump of 1921-1923 ate into capital, and the subsequent slow decline of prices between 1924 and 1929 left large numbers of producers 'bumping along with profits just enough to cover their basic charges, certainly not enough to rebuild capital'.<sup>31</sup> A large number of farmers had also sunk the bulk of their wartime gains into the purchase of their own holding in the immediate post war period. The War had also turned the cost of labour into a serious problem; in 1922 agricultural prices were 50% to 60% higher than pre-war, while agricultural wages remained at twice their pre-war level and could not be reduced in line with the fall in prices, despite the employers' efforts to the contrary.<sup>32</sup>

The collapse of agricultural prices between 1929 and 1932 was 'unparalleled in its severity', and left the industry in an even more seriously depressed condition than the slump of 1921-1923.<sup>33</sup> During the winter of 1932-33, the agricultural price index fell to within a few points of its pre-war level. Cereal prices had in fact fallen below their pre-war level in the winters of 1929/30 and 1930/31, and the wheat acreage fell to its lowest recorded level during 1931. The gross return on grain fell by 50% between 1929 and 1931.<sup>34</sup>

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30 Peter Dewey, "British Farming Profits and Government Policy during World War One", The Economic History Review (2nd Series), Vol. 37 (1984), p. 386-87.

31 J. Brown, op. cit., p. 84. See also Murray, op. cit. p. 18-20.

32 See Whetham (1978), P. 142 and Newby, op. cit., p. 160-170.

33 Murray, op. cit., p. 34.

34 Whetham (1978), p. 232.

The 1920's had seen a resumption of pre-war trends in the structure of agricultural production and the total collapse of prices after 1929 intensified this process. Production continued to shift to those commodities where prices had fallen least, to livestock, milk, poultry and egg production. Eastern England was the area worst hit by the 1929-32 depression, containing as it did the majority of the large arable farms;<sup>35</sup> arable producers' capital and credit had already been seriously eroded by the decline in grain prices during the 1920's. Many grain farmers had diversified into other forms of production, but there were still large areas of the country where cereals remained the main crop.<sup>36</sup> However the collapse of cereal prices was followed in the winter of 1931/32 by the collapse of livestock and livestock product prices, and so the effects of the depression were felt across the country. Only those farms with extremely high yields or extremely low costs escaped disastrous losses after 1929.<sup>37</sup> Bankruptcies and agricultural unemployment both increased. After a visit to Norfolk in 1930, one member of Parliament told the House of Commons that:

'Agricultural buildings are coming down, the farmers are despairing and the labourers are losing their employment ... The waves of past depression have left their mark on Norfolk, where you can see the marks of the old fences reminding one that the land in the past has been cultivated.'<sup>38</sup>

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35     ibid., p. 238.

36     ibid., p. 232.

37     ibid., p. 233.

38     Quoted in H. Newby, op. cit., p. 172.

Even in counties such as Lancashire, where the financial effects of the depression were less severe, farms only survived 'by the old principle "do not spend", and many farm families literally did not spend cash on themselves during the worst years of the depression.<sup>39</sup>

The decline in arable production continued during the 1930's, as Table Three illustrates. The total area under agricultural production also continued to decline. Although the subsidy introduced by the 1932 Wheat Act brought stability to arable producers in the South of England, large areas of the North East could not be made to pay under wheat and so were allowed to fall out of production. The area sown to fodder crops (swedes and turnips) also fell sharply, from one million acres in 1929 to just over 600,000 by 1939, as imports of animal feeds into the UK increased. Milk production increased steadily in the years up to 1939, as the number of cows and heifers in milk and calf rose from 2.7 to 3.1 million between 1929 and 1939.<sup>40</sup> By contrast, there was little change in the number of animals reared for home beef production. Labour costs remained at roughly twice their pre-war level, while the agricultural price index (base 1911-13=100) had only recovered to 137 by 1938, having fallen to 107 in 1933.<sup>41</sup> Only those commodities which enjoyed a regulated market provided farmers with a secure income. During the same period the cost of living index remained steady at between 150 and 160. Thus, as Edith Whetham argues, the urban areas gained most of what the countryside lost, and the subsidies

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39 Whetham (1978) p. 239. Lancashire farmers retailed their own milk, eggs, poultry and vegetables, and so were less dependent on wholesale markets.

40 ibid., p. 288-289.

41 ibid., p. 314.



TABLE THREE

Crop Acreages and Livestock Numbers on Farms in Great Britain, 1914-1939

	(millions)			
	1914	1918	1932	1939
Total crops other than grass	10.43	12.40	8.49	8.31
Temporary Grass	3.86	3.45	3.92	3.56
Total arable	14.29	15.85	12.41	11.87
Permanent Grass	17.61	15.89	17.42	17.33
Total agricultural area	31.90	31.75	29.83	29.20
Cows/Hefers in milk/calf	2.94	3.03	3.34	3.62
Other Cattle	4.15	4.38	4.25	4.30
Sheep	24.29	23.35	26.41	25.99
Pigs	2.63	1.82	3.35	3.77
Poultry	-	-	73.83	64.14
Wheat	1.87	2.64	1.34	1.76
Barley	1.70	1.65	1.03	1.07
Potatoes	.61	.80	.65	.59

Source: Murray, Agriculture (1955)

introduced after 1932 simply served to redress, if only in part, the shift in the terms of trade against agricultural production that had occurred between 1929 and 1933.<sup>42</sup>

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ibid., p. 314.

The gross output from British Farms (by volume) increased by 2-3% per year from 1924 to 1939; the reaction of the typical family farm to falling prices was to increase production. Over the same period the total area sown to crops and grass was reduced by one million acres in England and Wales, while the total arable area fell by two million acres. The agricultural labour force fell by just over 100,000 men.<sup>43</sup> These trends produced a considerable rise in productivity in the 1930's both per acre and per man. This rise was owing to a variety of factors: better management techniques, more intensive production, increases in imported feeds and the use of more machinery all played a part in increasing agricultural productivity.<sup>44</sup> The relative stability of agricultural wages meant that those farms which required paid workers had to offset the cost of wages by either increasing output per man, or by the use of labour saving machinery. Mechanisation was a difficult process, as the commodities whose production was most easily mechanised had suffered the largest fall in prices. Milk, pigs and potatoes enjoyed more stable markets and relatively higher prices, but were less adaptable to the use of machinery.<sup>45</sup>

The increase in productivity did little to improve the low level of agricultural incomes. Farm Management surveys conducted in 1937 and 1938 revealed that nearly 33% of producers returned either a loss or an income equivalent to the wage earned by a skilled agricultural worker. Farm earnings and wage rates of agricultural workers remained at between 60-65% of non-agricultural incomes throughout the inter-war

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43 From nearly 800,000 to just under 700,000.

44 Whetham (1978), p. 315.

45 ibid., p. 266-269.

period.<sup>46</sup> The relative poverty of the countryside was also revealed by a general lack of facilities. The early wartime surveys revealed that only half the agricultural holdings in England and Wales had a piped water supply, and only 25% were wired for electricity. Rural housing was generally of poor quality and in short supply. The relative poverty of the farming population also extended to those who owned land, unless they could draw on income from commercial or industrial sources.<sup>47</sup> As Whetham comments in the Agrarian History of England and Wales:

'The country was unkempt, with overgrown hedges, choked drains and ditches, abandoned fields, derelict steadings and condemned cottages falling into ruin ... a depressing witness to the loss of income, of capital and of hope, inflicted by 20 years of remorseless deflation on the farming communities in England and Wales'.<sup>48</sup>

Owner-occupation increased steadily during the early years of the First World War, accelerating after 1917 into a 'wild buying spree' in the immediate post-war period.<sup>49</sup> Rising land prices, low rents and, after 1910, the threat of heavy taxes encouraged landowners to sell. Tenants' increased security of tenure under the Agricultural Holdings Act 1908 may also have encouraged landlords to sell. Tenants purchased

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46 E. M. Ojala, Agriculture and Economic Progress (1952), p. 135.

47 Whetham (1978) p. 318-19 and p. 325.

48 ibid., p. 287.

49 S. G. Sturme, 'Owner-Farming in England and Wales, 1900 - 1950' in W. E. Minchinton (ed.), Essays in Agrarian History : Volume II (1968), P. 286.

their land because at the prices ruling it seemed a good investment, and because in the later years of the war there were tax incentives to do so.<sup>50</sup>

The demand for farms in the immediate post-war period forced many farmers to purchase a holding, as farms for rent became increasingly scarce. Purchase was also seen as an investment for surplus funds and as a means of avoiding increased rents under a new landlord. This explosion of demand for holdings pushed up the price of land to £35 per acre by 1920. The low returns from land ownership encouraged landlords to sell in the post-war years.<sup>51</sup> While many tenants bought their holdings willingly, some bought their land under the threat of eviction.

The onset of depression in 1921 ended the spree. Now owner-occupiers, who had bought at high prices, found themselves in increasing difficulty, as large numbers of holdings were lost to mortgagors or sold at greatly reduced prices. The number of bankruptcies rose from 44 in 1920 to 472 by 1923, with producers either going out of business or becoming tenants of their mortgagors.<sup>52</sup>

Some land was sold for owner-occupation during the worst of the depression, although not enough to counter the general decline in numbers. The demand for farms for sale or rent recovered in 1924 and 1925, although both land sales and the increase in owner-occupation ceased after 1925. By 1927, just over 33% of the land in England

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50     ibid., p. 292.

51     ibid., p. 292-93.

52     ibid., p. 294.

and Wales was farmed by its owners, compared with just 12½% in 1908.<sup>53</sup> More detailed figures are given in Table Four.

Owner-occupiers were particularly hard hit by the effects of the inter-war depression. Mortgage payments, undertaken in the immediate post-war prosperity, were fixed as the depression cut farmers' real incomes. The number of bankruptcies increased, reaching a peak of 560 in 1932, and the number of owner-occupiers declined. Mortgages were often foreclosed, or farmers decided to cut their losses and sell, often becoming the tenants of the purchaser of their land. During the worst years of the depression, many landowners and mortgagees-in-possession were forced to farm land themselves.<sup>54</sup>

**TABLE FOUR**            Owner Occupation in England and Wales 1909 - 14 and 1927

	1912	1913	1914	1927
Number of Owner Occupied Holdings	50,972	48,760	49,204	146,887
Percentage of holdings Owner-occupied (%)	11.7	11.2	11.3	36.6
Area Crops/Grass Owner Occupied (million acres)	2.95	2.89	2.96	9.23
Percentage of area Owner-occupied (%)	10.9	10.6	10.9	36.0
(Holdings over 1 acre)				

Source: S.G. Sturmey, 'Owner Farming in England and Wales, 1900-1950'

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53     ibid., p. 295-296

54     ibid., p. 302-303.

The lack of growth of owner-occupation after 1925 was a symptom of the 'deep depression which even the government apparatus of protection and support could not fully stem'.<sup>55</sup> Farmers who had bought their own holdings found themselves in severe financial difficulties; landlords also found themselves in severe financial difficulty, and unable to make the long-term capital improvements that the land required. Landlords often allowed inefficient or ailing tenants to remain on their holdings, as a heavy investment would be required for the property to attract a better tenant.<sup>56</sup>

'Much of the country thus continued to be farmed by families chronically in debt, without the knowledge or the capital to develop the potential of the land they occupied.'<sup>57</sup>

The 1929-31 slump produced a revolution in British agricultural policy. From the mid 1850's to the early 1930's, with the exception of the war years, Britain enjoyed the benefits of cheap food and feedingstuffs, with the government adopting a 'laissez-faire' attitude towards both food production and the industry itself. The repeal of the Corn Production Act left producers to their own devices to face a harsh economic climate.<sup>58</sup> Apart from legislation on agricultural rates and the British Sugar Subsidy Act 1925, the legislative measures introduced before 1932 were essentially permissive, designed to encourage self-help and organization amongst producers. However, the

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55 Pollard, op. cit., p. 88.

56 Whetham (1978), p. 317-18.

57 ibid., p. 318.

58 Murray, op. cit., p. 27-28.

policies introduced in the wake of the 1929-31 slump represented an active policy of assistance for British farmers.

Policy developed along four lines; the reorganisation of marketing and the regulation of home produced supplies, the regulation of imports, subsidies and price assurance, and measures to improve efficiency and reduce production costs.<sup>59</sup> Marketing boards were established for Potatoes, Milk, Pigs and Bacon and a number of other commodities. By 1939 some form of guaranteed price operated for milk, fat cattle, sheep, bacon pigs, wheat, barley, oats and sugar beet. The Agriculture Act 1937 introduced subsidies on lime and basic slag in an attempt to increase soil fertility.

However, despite this policy of state intervention, reversing 'a policy of laissez faire which was nearly a century old, prices barely rose to levels at which British farmers could make a profit'.<sup>60</sup> Although the industry would not have survived without protection, the policies introduced could not reverse the general downward trend in British farming that had begun in the 1870's.

The events of 1929-31 sounded the death knell for the principle of free trade, and with it the dominance of the Liberal wing of the Conservative party.<sup>61</sup>

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59 ibid., p. 28.

60 Pollard, op. cit., p. 86.

61 A. Budd, The Politics of Economic Planning (1978), p. 49-50.

'Everywhere, the idea of the market as a sensitive, self-regulating mechanism for allocating resources suffered a setback, not only on the familiar grounds of equity but also of efficiency.'<sup>62</sup>

Nevertheless the policies of the National Government, which was dominated by Conservative politicians, were essentially pluralist and did not, overall, entail a greatly increased role for the State.

Walter Elliot, the Minister of Agriculture after 1932, was an advocate of corporatism, and during his period he attempted to foster a corporate relationship between the nation and its farmers. Elliot was appointed in the aftermath of the failure of the Ottawa Conference. The National Government became increasingly concerned with the development of domestic production and with the industry's role in the country's growing economic nationalism. Agriculture was seen as having specific responsibilities and a defined place in the structure of the British economy.<sup>63</sup> Elliot saw the transformation of agricultural policy, and the creation of a new order in the industry, as giving a lead to the 'twentieth century state'. He attempted to promote the cartelization of agriculture through the marketing boards set up under the 1933 Marketing Act. The 1933 Act was Elliot's major piece of legislation. While the Act built on the foundations laid down by Addison in his marketing legislation the 1933 was more far-reaching, giving as it did a basis for the regulation of the supply of

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62 ibid., P. 49, quoting D. Winch, Economics and Policy (1969), p. 73.

63 A. F. Cooper, British Agricultural Policy, 1912-36 : A Study in Conservative Politics (1989), p. 160.



agricultural goods.<sup>64</sup> The move towards marketing boards also entailed the withdrawal of agricultural policy from direct parliamentary scrutiny.<sup>65</sup>

Producers welcomed the new marketing boards, as they appeared to promise an end to the 'gluts' of production which were depressing prices. The boards were also sold to the farmers as a form of 'local self government'; the control of production would not involve 'farming from Whitehall'.<sup>66</sup> The introduction of the new marketing boards under the 1933 Act ushered in a new phase in the relationship between the producers, in the shape of the NFU, and the government. As well as assuming a degree of administrative responsibility for the running of the marketing boards, the NFU also gradually became more involved in the policy process as a whole.<sup>67</sup>

However, the NFU's new role did not divert the Union from the pursuit of its members' interests. Prices, rather than the efficiency of the industry, were the NFU's main concern. As Chapter Five will show, once any price objectives had been satisfied, little was done towards realising the other objectives that the Marketing Act was designed to promote.<sup>68</sup>

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64 ibid., p. 168. The 1933 Act provided a basis for the regulation of the total supply of agricultural goods (through import restrictions) for any commodity for which a marketing board was in existence, or planned. The 1933 Act also foreshadowed legislation to encourage vertical organisation between farmers and processors/distributors; it was planned that a central body would eventually have 'extensive authority over decision making in a specific industry' (p. 168).

65 ibid., p. 169. The examination and discussion of proposed schemes largely took place outside Parliament, and plans were confirmed by a ballot of the relevant producers.

66 ibid., p. 170.

67 ibid., p. 171.

68 ibid., p. 172. The issue of agricultural marketing is discussed in detail in Chapter V.

Elliot's policies increasingly began to be questioned by other members of the Cabinet, and Elliot himself moved away from 'full blown' corporatism on practical grounds.<sup>69</sup> No new marketing schemes were introduced after 1934; the proposals for the reorganisation of the sugar industry envisaged a move away from self-regulation. The whole question of agricultural marketing, and the industry's capacity to organise and regulate itself, was to re-emerge as a key policy issue in the years after 1945. As later chapters will show, the Labour Party retreated from the radical proposals contained in the 1947 Lucas Report on agricultural marketing, preferring to introduce legislation to simply amend the existing Marketing Acts. This move was prompted, at least in part, by fears that NFU opposition to marketing reform would jeopardize the expansion programme.

The 1930's saw British farming become accepted as an important element of the national economy, protected by a variety of legislative measures. The NFU became the official 'Mouthpiece' of the industry, and was drawn into the formulation and implementation of government policy.<sup>70</sup> Cotton and iron and steel were other industries which benefitted from government legislation and developed close links with the government in the 1930's. In the case of agriculture and cotton their strong links with the government, and their importance to the nation's post-war recovery, helped to prevent prevented any moves towards nationalization in the years after 1945.

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69     ibid., p. 179.

70     ibid., p. 216-17.

While the marketing boards could not have functioned without NFU involvement, the collaboration between the government and the Union was also designed to encourage a more 'far-sighted' approach to policy within the industry.<sup>71</sup> For its part the Labour Party, although opposed to marketing boards, began to acknowledge the importance of gaining the farmers' support for its own agricultural policies.<sup>72</sup> Labour Party policy rested on the national planning of land use and the fixing of stable prices as a solution to the industry's ills, a policy which gained considerable support amongst agricultural experts in this period. By 1945 even the NFU had accepted the continuation of the CWAECs and the Ministry of Food as a corollary to the continuation of guaranteed prices in peacetime. In the inter-war period, Labour had advocated the nationalisation of the land; in the post-war period the need to secure increased production at almost any cost and NFU's role in the policy process pushed nationalisation of the land out of the policy arena.

By the late 1930's British agriculture had begun to recover from the hardships of the 1920's, although it was to take six years of war to restore the industry to prosperity. The War, as later chapters will show, also saw further efforts to lift farming out of the 'cockpit of politics and assign it to the realm of administration',<sup>73</sup> efforts which were to culminate in the APR process.

In the years immediately preceding WWII British agriculture supplied approximately 30% of the UK's annual food requirements (by wholesale value) leaving the bulk to

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71 ibid., p. 217.

72 See Chapter II.

73 Cooper, op. cit., p. 216.

be obtained from overseas sources. In addition, large quantities of animal feedstuffs were imported.<sup>74</sup> The proportions of the various commodities produced at home varied considerably; domestic production accounted for 100% of the market of liquid milk, meat 50%, wheat 12% and butter 9%. Approximately 25% of the UK's annual output of livestock products was dependent on supplies of imported feedstuffs. The impact of the war on British agriculture can be seen in Tables Five and Six. Table Three illustrated the impact of inter-war economic trends on agricultural production. The main emphasis in wartime production programmes was on the production of crops for direct human consumption, and this involved both the ploughing up of large areas of grassland and the diversion of grain from animal to direct human consumption. Between 1939 and 1945 the total arable acreage increased by six million acres and the area under grain by four million acres. The total supply of animal feeds fell by 25% over the same period, in starch equivalent terms, with supplies of imported feeds falling to 16% of their pre-war level by 1943.<sup>75</sup> The effect of these factors can be traced in the trend in livestock numbers after 1939.

The maintenance of milk production was given the highest priority in view of the high nutritional value of liquid milk and the cow's efficiency in converting feedstuffs. The whole impact of the reduction in feed supplies was felt by pig and poultry producers, who could not feed their animals on grass and fed them instead on grain that was required for human consumption. The war years also saw considerable growth in the mechanisation of British agriculture. The number of tractors in use on British farms

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74 ibid., p. 39.

75 ibid., p. 373 and p. 385.

**TABLE FIVE**    Crop Acreages on Farms in the UK 1939 - 1945

	thousands						
	1939	1940	1941	1942	1943	1944	1945
Wheat	1,766	1,809	2,265	2,516	3,464	3,270	2,274
Barley	1,013	1,339	1,475	1,528	1,788	1,973	2,215
Oats	2,427	3,400	3,951	4,133	3,680	3,656	3,753
Potatoes	704	832	1,123	1,304	1,391	1,417	1,397
Sugar Beet	344	329	351	425	417	431	417
Total crops other than grass	8,781	10,433	12,686	13,656	14,509	14,548	13,849
Temporary grass	4,125	3,891	3,553	3,863	4,219	4,725	5,334
Total arable	12,906	14,346	16,239	17,498	18,728	19,273	19,183
Permanent grass	18,773	17,084	15,114	13,706	12,330	11,735	11,840
Total agricultural area	31,679	31,430	31,353	31,204	31,038	31,008	
Rough grazings	16,539	16,639	17,003	16,959	17,119	17,034	17,229

Source : Murray, Agriculture (1955)

**TABLE SIX**      Livestock Numbers on Farms in the UK, 1939 - 1945

	1939	1940	1941	1942	1943	Thousand 1944	1945
Cattle, dairy	3,885	3,957	3,988	4,199	4,323	4,373	4,343
Others	4,987	5,136	4,952	4,876	4,936	5,128	5,273
Sheep, breeding ewes	10,975	10,687	9,228	8,852	8,201	8,120	8,211
Others	15,912	15,632	13,029	12,645	12,182	11,987	11,939
Pigs, breeding sows	542	468	245	250	186	253	246
Others	3,832	3,638	2,313	1,893	1,643	1,614	1,906
Poultry	74,357	71,243	62,059	57,813	50,729	55,127	62,136

Source : Murray, Agriculture (1955)

**TABLE SEVEN    Agricultural Employment in England and Wales 1939 - 1948**

Regular Workers	Casual Workers	WLA	POW		All Workers
1938	513.4	79.7			593.1
1939	511.1	96.0			607.1
1940	501.5	106.3			607.3
1941	508.2	141.4			649.6
1942	540.8	167.4			708.2
1943	542.5	176.7			719.2
1944	516.1	151.3	47.9	25.3	740.6
1945	515.4	153.4	43.1	57.8	769.7
1946	537.1	130.8	23.0	82.7	773.6
1947	584.4	131.9	17.7	78.7	776.7
1948	563.8	149.1	16.5	11.4	740.8

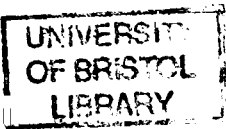
('ooo at June Census of each year)

Source: Williams Principles for British Agricultural Policy (Oxford, 1960)

**TABLE EIGHT**    Changes in Farm Power Supplies 1925-46

Year	(000) No of Tractors Tractors	(000) No of Farm Horses
1925	20.3	910
1931	22.0	784
1937	49.8	663
1939	56.2	649
1942	116.8	642
1944	173.4	577
1946	203.4	520

Source : D.K. Britton and I.F. Keith 'A Note on the statistics  
of Farm Power Supplies in GB', The Farm Economist, Vol. V1, No. 6 (1950)





increased from 116,830 in May 1942 to 203,420 in January 1946, while over the same period the number of combine harvesters in use increased from 1,000 to 3,460, and the number of milking machines from 29,510 to 48,290.<sup>76</sup> These developments, which as Murray points out might have taken decades to occur in peacetime, played an important part in the expansion of output. Table Seven gives figures for the number of workers employed on agricultural holdings; labour had left the countryside at the rate of 15,000 workers per annum in the inter-war period, and this trend had continued in the early months of the war until the industry became a reserved occupation under the Undertakings (Restrictions on Engagement) Order in 1940.

In 1939 the Government announced that farmers would have guaranteed prices and markets for the total production of the principal products from the 1940 harvest; the prices of most agricultural commodities had been stabilised on or shortly after the outbreak of the war and maximum selling prices had been fixed for imported feedstuffs and fertilizers. The Agriculture Departments emphasized that the key to increased production was the confidence of the industry in the Government and in the future of their industry, and in November 1940 the Cabinet agreed that guaranteed prices and markets should be maintained for the duration of the war and for at least one year after the end of hostilities. The public announcement of this policy was accompanied by a pledge that all the major parties recognised the importance of a 'healthy and well-balanced' agriculture as an 'essential feature' of post-war policy.<sup>77</sup>

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76 ibid., p. 276.

77 H. of C. Deb. (5th Series) Vol. 367 Col. 92, November 26, 1940. See also WP (G) (40) 302 and 303, October 16, 1940, 'Home Food Production', memoranda by the Agriculture Ministers and the Food Policy Committee, PRO CAB WM (40) 291, November 19, 1940, in PRO CAB 85/10.

The Minister of Agriculture was empowered to give directions as to the cultivation and use of agricultural land, to enter upon and inspect farm land, and to take possession of land where his directions had been ignored and the land was not being farmed according to the rules of good husbandry. In the main these powers would be delegated to the County War Agricultural Executive Committees (CWAEC's), who would act as the Minister's agents. There were 61 CWAEC's each one consisting of seven local residents appointed by the Minister of Agriculture or where appropriate the Secretary of State for Scotland. The Committees also operated labour and machinery pools and could also undertake contract work for local farmers or farm land themselves.<sup>78</sup>

The Ministry of Food, established in September 1939, was given control over all stages of the food distribution and processing process, acting as the sole purchaser of agricultural produce at the farm gate, either directly or through authorised buyers. All food production was licensed by the Ministry of Food. April 1941 saw the formal beginning of the Government's policy of price stabilization through food subsidies in an attempt to hold down the cost of living, although subsidies had been introduced on a more ad hoc basis in the early months of the war. Towards the end of 1940 the Cabinet had committed itself to subsidizing 'essential' foods and to 'restraining' any increase in the cost of living. 'Luxury' goods were to be left to find their own level. In the 1941 budget the Government declared that it would maintain the cost of living

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78 For a fuller account of the wartime powers of the CWAEC's see A. Hurd, op.cit., p. 124-127.

index with the then current level of 125-130 (1936-38 = 100), a policy that was to be continued after the war.<sup>79</sup>

Before the war British farmers produced foodstuffs to the value of 18.7 billion calories, a figure that had increased to some 29.0 billion calories by 1943/44. These figures underestimate British producers' efforts, however, for if account is taken of that quantum of output dependent on imported animal feeds then the figures for the same period are 14.7 billion and 28.1 billion, an increase of 91% rather than 55%.<sup>80</sup> Before 1939 British agriculture provided 30% of the UK's annual calorie requirements, while at the peak of the war effort it was providing 40% of the country's calorie needs, and in a very different form compared to pre-war; during the war the production of cereals and vegetables had taken precedence over meat production, the latter being of more calorific value than grain and root crops.

Using MAF's definition of net output the index for the war years shows an increase of 25%, although on a wider definition of net output, one which includes the products of other industries, net output increased by 15% between 1938/39 and 1943/44. This last calculation gives an indication of the unassisted efforts of the industry over a period when almost 800,000 acres of often very good farmland were lost to

79 See Murray, *op.cit.*, P.284 and Rollings 'British Budgetary Policy, 1945-54: a "Keynesian Revolution"? in *EHR* (2nd Series), Vol.XLI (May 1988) No.2, P.285

Cost of Living Index 1939-45 (1936-8=100)	1939	1940	1941	1942	1943	1944	1945
	104	121	130	131	130	132	133

80 Murray, *op.cit.*, P.242. Murray also gives the following figures for average calorie consumption per head per day.

	Post War	1940	1941	1942	1943	1944
calories per head per day	2,984	2,772	2,795	2,864	2,827	2,923

agricultural production. As Murray argues, however, even MAF's figures for net output underestimate the increase in food production, as wartime production programmes required an increase in the production of lower value foods such as grain, potatoes and a reduction in relatively more expensive food stuffs such as eggs, meat and butter.<sup>81</sup> The farmers themselves did extremely well out of the war, with aggregate net income increasing from £59 million to £230.5 million between 1937/38 and 1943/44, although it fell back to £188 million in 1944/45 as a result of poor crop yields. This represents an increase of more than 300% (1937/38-1938/39 = 100), from an index of 103 in 1937/38 to 403 in 1943/44, a rate of increase greater than that of national income as a whole. During the war the industry's share of the national income rose from 1.2% to 2.4%, and MAF expenditure increased from £11.6 million between 1938/39 and 1944/45.<sup>82</sup>

The demands of wartime production had a considerable impact on the scale and pattern of agricultural production in the UK, and on the evolution of British agricultural policy as a whole. The impact of wartime policy on the development of post-war legislation will be traced in subsequent chapters.

What later chapters will show is that the development of policy after 1939 was influenced by the need to reassure producers that there would be no return to inter-war conditions once the hostilities were over. The 'Great Betrayal', occasioned by the repeal of the Corn Production Act in May 1920, was to colour the industry's attitude

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81 ibid., p. 224.

82 Figures for net income are taken from Murray, op. cit p. 379. Data for National Income is taken from HMSO, Statistical Digest of the War (1946), p. 200.

to government policy some 19 years later. The farmers were haunted by the prospect of a second great betrayal, and so sought the strongest possible guarantees of security for their industry. The promise of future stability as a means of securing increased output was to prove as important in the Second World War as it had between 1914 and 1918. The pledges made by the government and the major political parties during the war, the distress the industry had suffered in the inter-war period, and the NFU's growing role in the administration made another post-war betrayal extremely unlikely.

The need to reassure farmers as to the future of their industry was therefore a crucial factor in the development of both wartime policy and the policy for the transition from war to peace. The guarantees of stability for the transitional period were embodied in the APR mechanism. As later chapters will show, the price review process was not a sudden creation, but evolved from the changing relationship between the government and the industry. The APR was a response to depression, war and the increased economic importance of the producers. The APR mechanism remained in operation beyond the transitional period, as the industry's vital role in the nation's post-war recovery reinforced the importance of stability for the industry and a good working relationship between the government and the farmers.

This thesis will examine the relationship between the government and the NFU, and its impact on agricultural policy in the post-war period. It will be argued that the Price Review acted as a closure on the discussion of agricultural policy, and failed to tackle the wide variation in standards and incomes between producers, and that the weaknesses in the review mechanism were revealed once the level of support for the

industry was reduced. It will also be argued that while the APR had corporatist features, it was not a fully corporatist relationship.

Although both Labour and Conservative governments recognised the economic importance of British agriculture, party political considerations increasingly began to influence policy making. This thesis will examine the pursuit of the rural vote by the major parties, and the political importance of the industry in the post war period. It will be argued that both parties attributed an over-inflated importance to the farming vote, and that Labour ultimately made few inroads into rural Britain. Labour's attempts to win the farmers' economic and political support resulted in a deterioration in the Party's relationship with the Agricultural Workers Union, one of its strongest supporters in the inter-war period. The NUAW seemingly had most to gain from Labour's victory in 1945, but the Union were unable to secure either the end of the tied cottage or wage parity with industrial workers under Labour.

The NUAW could only hope to secure their policy objectives under a Labour government but Labour, certain of the farm workers support, had little incentive to give those objectives priority once they achieved office. The farmers' economic, and later their potential political, importance secured their role in the policy process, and Labour were too concerned to gain the support of the farmers to risk a conflict with them over issues such as the abolition of tied cottage. Here, as elsewhere in Labour's post-war policy making, pragmatism triumphed over ideology. As this thesis will show however, the conflict between organisation and ideology continued to emerge in Labour's agricultural policy discussions throughout the post-war period.

## **'THE GROWTH OF POLICY 1940-44'**

### **INTRODUCTION**

The previous chapter discussed the impact of the war on British agriculture and gave a broad outline of the key elements of wartime production policy. This chapter will examine the development of policy between 1939 and 1945 in greater detail and will also trace the evolution of Government thinking on what direction policy should take in the post-war period. What this chapter and chapter III will show is that a study of post-war policy cannot be divorced from a study of wartime policy. To take the most important example, the annual and special price review (APR and SPR) system created by the Agriculture Act 1947 made permanent a mechanism intended to bridge the transition from war to peace. This mechanism had, in turn, developed from a number of ad hoc general price reviews conducted by the Government and the NFU between 1940 and 1945. This chapter will also reveal that a key factor in the development of both wartime policy and reconstruction policy was the importance of retaining the confidence of the farmers in the future of their industry and in the Government's intentions towards producers. Memories of the 'Great Betrayal' of 1920 were still fresh in the minds of many farmers and the industry, in the form of the National Farmers Union (NFU), tried to obtain the strongest guarantees it could from the wartime Government.

For their part the War Cabinet recognised the importance to the war effort of gaining the farmers confidence, and so in November 1940 the Government pledged that producers would have guaranteed prices and markets for their produce for the duration of the war and for at least one year afterwards. It is the Government's attempts to convert its pledges into concrete proposals that form the basis of this chapter. The first section will deal with price policy in the early wartime period, a period which saw the Government take the first steps towards general price reviews, and make use of a system of differentiated incentives to secure the desired pattern of production. The use of the price mechanism to secure the desired level of production was initially opposed by the Treasury, who regarded the Government's guarantees as offering an adequate degree of incentive. Section (ii) will trace the evolution of MAF's policy on British agriculture over the period from March 1941 to April 1944, and will examine the changing assumptions which underpinned the various sets of proposals. Section (iii) will focus on the discussions between the Government and the NFU which laid the foundations of the APR system.



(i)

In his Budget address to the House in April 1940 the Chancellor of the Exchequer, Sir John Simon, told Parliament that the Government's objective was to maintain 'a level economy in which prices and profits and remunerations are kept as steady as war conditions will allow, and in which the flow of such goods, as are available for civilian consumption, is kept in regulated supply'.<sup>1</sup> In a memorandum published in 1929, 'The Course of Prices in a Great War', the Treasury, reviewing the events of the First World War, had warned of the dangers of wartime inflation, and had advocated a drastic taxation policy, rationing and the control of wages, prices and profits as ways of preventing the sorts of price and cost of living increases that had occurred between 1914 and 1918.<sup>2</sup> The controls on agricultural produce introduced at the outbreak of the war stabilized prices at their pre-war levels, the overall aim being to delay any increase for as long as possible. This policy soon came under attack from the Treasury, who argued that a 'price-freeze' would tend to depress supplies while inflating demand, and from October 1939 Government departments were authorised to increase prices to cover replacement costs, although Government trading was to avoid making a loss, and to make a profit wherever possible.<sup>3</sup>

However, not all foodstuffs and raw materials were subject to price control orders. The prices of home-grown oats and barley were not controlled by the Ministry of Food, with the result that by January 1940 the prices of both commodities had reached

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1 H.C. Deb., (5th Series), Vol. 360, Col. 84, 23rd April 1940.

2 See : Hancock and Gowing, British War Economy (HMSO, 1949), p.151.

3 ibid., p.157.

more than double their August 1939 level. Price control for home-grown oats was introduced in January 1940, the price of barley coming under the Ministry of Food's jurisdiction in the summer of 1940.<sup>4</sup> A number of factors were responsible for these price increases. The Ministry of Food's initial optimism about the levels of food imports evaporated quickly in the early months of the war; in 1939 officials had worked on the assumption that imports of food and feedingstuffs in the first year of the war would only be slightly less than their pre-war levels, 21 million tons instead of an average of 22.5 million tons.<sup>5</sup> However, in the first two months of the war dry cargo arrivals were less than two-thirds their normal level. Cereal imports were particularly badly hit, and the Country's wheat stocks began to run down at an alarming rate, with the result that more shipping space was allocated to wheat at the expense of cereal feeds.

The Ministry of Food had assumed that there would only be a negligible cut in feed imports in the first year of the war, but in the November 1939 import programme for the year 1939/40. The Ministry was allocated 7.66 million tons of feedstuffs, as compared with a pre-war average of 8.75 million tons.<sup>6</sup> From December 1939 farmers were prohibited from feeding more than one-third of their output of millable wheat to their livestock, and they were also required to sell the rest of their wheat

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4 The price of oats was fixed at 11s. per cwt, below the open market price, but 47% higher than the average pre-war price. The price of imported feed oats had been fixed 7s. 9d. a cwt, but was later increased in the light of the difficulties involved in charging different prices for virtually undistinguishable commodities. D.N. Chester, Lessons of the British War Economy (Cambridge, 1951), p.207.

5 See : R.J. Hammond, Food, Volume I : The Growth of Policy (HMSO, 1951), p.62-77.

6 Lord Murray, Agriculture (HMSO, 1951), p.70.

harvest for milling. This served to increase the demand for oats and barley as alternative sources of animal feed. The Ministry of Food also controlled the price, distribution and allocation of imported feedstuffs, but in the absence of a subsidy, and in the face of mounting freight costs and falling supplies, prices increased considerably in the first months of the war. The possibility of introducing a subsidy on imported animal feeds had been discussed before the war, but had been rejected. However, in July 1940 it was decided that feedstuff prices would be frozen at their prevailing level for a year.<sup>7</sup>

Predictably, the increases in feed prices led to calls from producers for higher prices, together with the more general complaint that output could not be increased while prices remained frozen at their pre-war levels. Farmers complained that they could not afford to purchase the equipment necessary for increased crop production, to buy more fertilizers or to undertake the repair of ditches and field drainage systems.<sup>8</sup> In reply, the Government attempted to reassure producers by guaranteeing them a market for all the staple crops from the 1940 harvest at prices 'to be fixed in the light of prevailing circumstances', and by increasing the prices paid for fat sheep and pigs.<sup>9</sup> By January 1940 the Ministry of Food had assumed full control of livestock marketing, introducing meat rationing the following month; prior to this the Ministry

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7 ibid., p.130.

8 ibid., p.89.

9 H.C. Deb. (5th Series), Vol. 352, Col. 7, 9th October 1939. The standard prices of wheat and oats were also increased in November 1939. Under the Wheat Act 1932, producers of wheat were paid a deficiency payment equivalent to the difference between the average market price and a fixed standard price.

only enjoyed partial control through Maximum Price Orders which prohibited direct sales of cattle and sheep, and restricted sales of animals to livestock markets.

In November 1939 the Ministry of Food increased feedstuff prices, in the light of increasing freight charges and the impossibility of distinguishing between home-produced and imported feeds and these adjustments were accompanied by an increase in the prices paid by the Ministry for fat cattle and sheep. However, by December producers were complaining that the November price schedule was already out of date, given increases in the cost of feeds, supply problems and past and prospective wage increases.<sup>10</sup> The Minister of Agriculture, Dorman-Smith, asked for an increase in the price paid for fat cattle which covered any increase in producers' costs and also contained an element of incentive to encourage production.<sup>11</sup> Despite the opposition of the Ministry of Food the new prices for fat cattle and also for fat pigs, announced in December 1939, both contained a degree of price incentive for producers. The Ministry of Food was concerned that an increase in the price paid for fat cattle would endanger milk supplies unless the price paid to dairy producers was also increased. The Ministry of Food was also concerned at the likely effects of feed shortages on milk production, and the December price schedule increased the pool price to be paid to the producer in January, February and March 1940.<sup>12</sup> A further increase was agreed, despite Treasury objections, in February 1940 to cover the period from April to September, the price increase containing an degree of incentive. The Treasury had also objected to the increase in fatstock prices. During the pre-war discussions on

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10 Murray, op.cit., p.90-91.

11 ibid., p.91.

12 Murray, op.cit., p.92.

price-fixing it had been generally agreed that compulsory powers might have to be 'sweetened' by financial incentives.<sup>13</sup> MAF had gone further, arguing that the scale of domestic production would be largely determined by price inducements. In December 1939 the Treasury's view was that the Government's guarantees were incentive enough for producers.<sup>14</sup>

As Hammond argues, the production policy which influenced these price adjustments, the overall aim of which was to maintain British agriculture on a 'properly balanced system which will not collapse at the end of the war',<sup>15</sup> had considerable common sense appeal at the time, and it also had the general approval of the Ministry of Food. However the decisions on prices had not been co-ordinated and were widely seen as having been 'haphazard and irrational'; as 1940 wore on they were to prove, as Hancock and Gowing suggest, an unfortunate legacy for the Government.<sup>16</sup> The worsening import situation forced the Government to reconsider the basis of its production policy, to shift production away from meat towards the production of crops for direct human consumption and milk, a trend which stood in almost complete opposition to the trend in production in the first nine months of the war, which had favoured feedstuff and meat production at the expense of milk, wheat, and potatoes.

An increase of 8s. in the national minimum wage paid to agricultural workers in the spring of 1940 gave renewed prominence to the whole issue of agricultural price

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13 ibid., p.88. The issue had been discussed by the Inter-Departmental Committee on Price-Fixing.

14 Hancock and Gowing, op. cit., p.160.

15 Hammond, op. cit., p.88.

16 Hancock and Gowing, op. cit., p.160.

levels. Two issues occupied the minds of Ministers and Officials : The need to secure as large an increase in production as possible, and the need to establish, for the first time, a definite order of priority for agricultural production.<sup>17</sup> Opinion within the Government diverged considerably on the size of any price increase and on its division between different commodities. These questions were referred to the Inter-Departmental Committee on Food Prices, which consisted of officials from the Treasury, the Ministry of Food and the Agricultural Departments. The Committee agreed that the increased returns per annum farmers already enjoyed would meet their increased costs and the forthcoming increase in their wages bill. However, the Government was committed to increasing producers' prices to meet any increases in their costs, and so the Committee concluded that there would have to be some adjustment in prices.<sup>18</sup> The Committee also concluded that the Government should use the occasion of the price settlement to impose an order of priority on agricultural production. It would, the committee continued, be 'impolitic' if the Government left any commodities out of the settlement, and so they suggested an overall increase of £20 million; £14.9 would cover the cost of the wage increases, while the remaining £5.1 million could be used to stimulate production of the commodities the country needed.

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17 In the early months of the war it had been assumed that cuts in the Ministry of Food's import programme would fall almost entirely on animal feeds, and so the principle of agricultural policy was to encourage a general increase in production, with emphasis on expanding the domestic production of animal feeds. Hancock and Gowing, op. cit., p.159.

18 ibid., p.160. In announcing the increase in minimum wages in June 1940 Hudson was authorised to give a 'firm undertaking' that the prices of staple agricultural products would be adjusted 'so as to take full account of the increased costs resulting not only from this change but from other relevant factors'. Quoted in Murray, op. cit., p.85.

In May 1940 the Food Policy Committee had laid down a scale of priorities for livestock production with milk given the highest priority. The overall aim of policy should be to avoid 'any appreciable diminution' in the output of milk, and, subject to this, to maintain fat cattle and sheep production. Any cuts in feed imports were to be made at the expense of pigs and poultry, the largest consumers of imported cereals, although steps would be taken 'to mitigate as far as possible the very serious hardships involved to large numbers of specialist producers'.<sup>19</sup> The Food Policy Committee's Report concluded that livestock prices should be adjusted so as to vary the incentive between commodities and thus achieve the desired pattern of production.

The Interdepartmental Committee on Food Prices was subsequently assigned the task of establishing 'the proper relationship between the prices of different products'. Although the Committee were able to agree on the need for a set of rational price incentives they were unable to reach agreement on how the £5.1 million should be distributed between the various commodities.<sup>20</sup> The view of the Agricultural Departments was that the Government could not afford to create what they saw as an atmosphere of 'recrimination, uneasiness and discomfort on the home food front', and the Agricultural Departments also felt that the Committee's approach had been too 'academic'.<sup>21</sup> The Departments argued that the most important thing was to gain the active support of the farmers and:

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19 Quoted in Hammond op. cit., p.88.

20 ibid., p.89.

21 Hancock and Gowing, op. cit., p.160-61 and Murray op. cit., p.96.

'If there is any serious doubt in the minds of the farmers as to their ability to pay the increased wages on the new schedule of prices they will undoubtedly attempt to economise in labour and the whole policy of improved efficiency and increased production will be stultified ..... The situation is far too serious to permit of carefully balanced calculations'.<sup>22</sup>

The Agricultural Departments suggested a scale of prices which involved an increase of £34.5 million in farmers' returns as opposed to the Interdepartmental Committee's figure of £20 million, which had been approved by the Treasury. They argued that the actual wage increase was likely to be more than 8s., that agriculture had been chronically depressed in the years the Committee had used as the base for its calculations, and that the proposed increase in returns was the only way of securing the desired increase in output.<sup>23</sup> The recent decision on wages, they continued, had left the industry in a state of 'nervous apprehension', and if an appropriate price settlement was not achieved then the whole production drive might collapse.<sup>24</sup> Both the Ministry of Food and the Treasury rejected the Agricultural Departments' proposals, arguing that they had produced no evidence to suggest that the industry's condition in the inter-war period justified the level of remuneration they had proposed. The Treasury also argued that the level of incentive in the Agricultural Departments' price schedule was excessive, given that the increase in farmers' returns since the

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22 Quoted in Murray, op. cit., p. 96.

23 ibid., p.96.

24 Hammond, op.cit., p.89.



outbreak of the war had already exceeded the increase in costs by £27 million.<sup>25</sup> From the Ministry of Food's point of view the most disturbing aspect of the Agricultural Departments' proposals was that they perpetuated the existing pattern of priorities in agricultural production,<sup>26</sup> despite the conclusions of the Food Policy Committee, and the demands of the food situation. The Food Policy Committee were unable to reach agreement and so the issue was referred to the Lord President's Committee.<sup>27</sup>

The Lord President's Committee accepted the Agriculture Ministers' figures but concluded that they should only apply to the 1939-1940 season, and that for the 1940-1941 season a new schedule of prices should be drawn up in conformity with the conclusions of the Food Policy Committee.<sup>28</sup> The interim price schedule was announced on June 29th in a statement which also made clear that the Government reserved the right to vary prices for 1941 up or down as the food situation required and that the main aim of the Government's livestock policy was to maintain milk production.<sup>29</sup> As the total sum to be distributed remained the same, a reordering of production on a more rational basis would require some prices to be reduced from the

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25 Murray, op. cit., p.95.

26 i.e. oats, eggs, pigs, fat cattle, wheat, sheep, milk, sugar beet and potatoes.

27 Hammond, op. cit. p.90.

28 Hancock and Gowing, op. cit., p.161. The 1940-1941 season covered the livestock products sold in 1940-1941, and crops from the 1940 harvest.

29 Quoted in Murray, op. cit., p.97. It was also announced that farmers making an unspecified level of profit would no longer be eligible to be assessed for income tax under Schedule B, and would be assessed on Schedule D, i.e. on their profits rather than on their rent. Schedule B, assumed that a farmer's profits were equivalent to his rent. Under the Finance Act 1941 this new method of assessment was applied to all farmers except those occupying land with a rental value of not more than £300. Chester, op. cit., p.212.

levels set in the June schedule, a measure that was opposed by the Agricultural Departments. In reply, the Treasury accused them of trying to 'fix' the prevailing pattern of British farming.<sup>30</sup> It is clear that the Agricultural Departments proposals were prompted, at least in part, by the belief that the Ministry of Food's recommendations would be seen as discriminating between different groups of producers, and would leave the Government open to accusations of unfairness. Any loss of goodwill, it was argued, would have serious implications for the Government's production drive, and MAF et al clearly believed that the Ministry of Food's proposals would provoke just such a loss of goodwill.<sup>31</sup> This was the argument the Agriculture Ministers used when the issue was discussed by the Lord President's Committee in August 1940. After prolonged discussions agreement was eventually reached on a schedule of prices for the 1940-1941 season, and the new schedule was announced on the 30th August. The new schedule reduced the prevailing prices for fat cattle and pigs, and 'tilted the balance' of production away from oats, barley and livestock and towards milk and potatoes; however, as Hammond points out the adjustments represented a compromise between the Agricultural Departments and the Ministry of Food, adjusting the pattern of price incentives to a certain extent but not as far as the Ministry of Food and the nutritionists would have liked.<sup>32</sup>

The NFU reacted angrily to the new price schedule, despite Churchill's claim that the new prices reconciled 'just treatment for the producer with the wide requirements of

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30 Murray, op. cit., p.212.

31 See R.J. Hammond, Food and Agriculture in Britain, 1939-1945 (Stanford, 1954), p.37.

32 R.J. Hammond, Food Volume I : The Growth of Policy (HMSO, 1951), p.90.

the nation'.<sup>33</sup> The Union's main complaint was that the adjustments had been made without prior consultation. When announcing the increase in agricultural wage rates from 40s. to 48s. per week, Hudson had stated that any decisions on price adjustments would be reached in consultation with producers' representatives.<sup>34</sup> This pledge was, however, honoured at the next general price review, which took place in December 1941. In November 1940 Hudson had assured producers that prices would be 'subject to adjustment to the extent of any substantial changes in cost of production',<sup>35</sup> and a further increase in the agricultural minimum wage in December 1941 forced the Government to honour this earlier pledge. It was estimated that the rise in the national minimum wage would increase producers' costs by £20 million, and after prolonged discussions between MAF and the NFU agreement was reached on a aggregate increase of £25 million pounds spread over all the principal farm products. MAF's initial settlement had made no provision for adjusting pig and poultry prices and had been rejected on these grounds by the NFU, who claimed that the Government had not honored their November 1940 pledge. The price schedule eventually agreed upon increased the prices paid for fat pigs and eggs, although the overall bias of the settlement was still towards milk, potatoes, sugar beet and wheat. Another general review, again provoked by an increase in wages, was conducted in December 1943 and, as is discussed below, provoked a bitter disagreement between the NFU and the Government.<sup>36</sup>

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33 Quoted in Murray, op. cit., p.99. Letter from Churchill to The Farmer and Stockbreeder.

34 Murray, op. cit., p.85.

35 H.C. Deb. (5th Series), Vol. 367, Col. 92, 26th November 1940.

36 Murray, op. cit., p.163-167.

As D.N. Chester argues the 1940 price review marked 'a definite stage both in the wartime history of prices and in the evolution of price-fixing procedure for agricultural products'.<sup>37</sup> The decisions on agricultural prices taken in the summer of 1940 destroyed all vestige of a 'price-freeze' policy, ushering in food subsidies and a policy of price stabilization that found its formal expression in the 1941 Budget. The Treasury had been opposed to the introduction of permanent food subsidies on the grounds that they would involve a considerable financial burden. Their objections were also based, at least in part, on the belief that subsidies were not an effective way of controlling inflation as they would only serve to stimulate consumption thereby increasing the inflationary pressures within the economy.<sup>38</sup> Despite these objections, in August 1940 the War Cabinet decided to subsidise the prices of 'essential' foods in an effort to restrain a rise in the cost of living index and to prevent wages rising.<sup>39</sup> By the end of 1940 the cost of fertilizers and animal feeds had also been subsidised. In the 1941 Budget the Government committed itself to maintaining the Cost of Living index, which included food, clothing, rent, and rates, within the then prevailing range of 125-130 (Base year 1939 = 100).<sup>40</sup>

The 1940 price discussions were the first steps towards the policy of general price reviews enshrined in the 1947 Agriculture Act, and this period also saw the NFU start to assume its important role in the policy making process. The year 1940 saw the Government impose a definite order of priority on agricultural production, despite

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37 D.N. Chester, op. cit., p.209.

38 ibid.

39 See Murray, op. cit., p.284.

40 H.C. Deb., (5th Series), Vol. 370, Col. 1320-22, 7th April 1941.

MAF's efforts to the contrary, and the use of differentiated incentives to achieve the desired pattern of production. These factors alone make the events of 1939-41 worthy of close examination, but a study of this period also reveals the tensions that existed between the Agricultural Departments, the Ministry of Food, and the Treasury, tensions which were to characterise the policy-making process throughout the war years and on into the post-war period. The Ministry of Food's aim was to secure a production policy based on nutritional considerations, and the Agricultural Departments were seen as trying to 'fix' the existing pattern of British farming. As will be shown in the next section, during the early stages of the discussions on the future of British agriculture after the war MAF was again criticised by other departments for ignoring nutritional issues, and for advocating policies which ran contrary to the inter-war trends in domestic food production, trends which were seen as holding the key to the industry's future. The Treasury was also very critical of the degree of price 'incentive' contained in the 1940 price settlement. Given the pre-war condition of British agriculture farmers' memories of the First World War and its aftermath, and the importance of agricultural expansion to the Country's survival, some measure of price incentive was justified and necessary, and did secure a considerable increase in production.<sup>41</sup> However, as Hancock and Gowing suggest in their study of the war economy, had all the other sectors of the economy of real importance been given the same degree of financial incentive to increased production as was given to agriculture the economy would have quickly become unmanageable.<sup>42</sup> These issues are explored in Chapter III.

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41 By 1941, for example, the area under crops had increased by over 3½ million acres compared with 1939.

42 Hancock and Gowing, *op. cit.*, p.161.

On November 19th 1940 the War Cabinet, acting on the advice of the Home Policy Committee's Food Sub-Committee, agreed that the existing system of guaranteed prices and markets would remain in operation for the duration of the war and for at least one year after.<sup>43</sup> The Food Policy Committee had concluded that the worsening shipping situation, and the resulting decline in food imports, required a determined effort to expand agricultural production at home, and that an official statement on the above lines would play an important part in securing the necessary increase in home-grown food. In their submissions to the Committee the Agriculture Ministers had placed particular emphasis on the need to retain the confidence of the farmers in the future of their industry, a consideration that had been given particular relevance by the NFU's strong reaction to the Government's 1940/41 price schedule, and by Union complaints that they had not been consulted.<sup>44</sup> The announcement of the Cabinet's decision was accompanied by the further assurance that all the major parties recognised the importance of maintaining a 'healthy and well-balanced' agriculture after the war, and that this would form 'an essential and permanent feature of national policy'.<sup>45</sup> The problem now facing the Government was how to turn these promises into practical policies.

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43 WM(40)291, 19th November 1940, in PRO CAB 65/10.

44 WP(G)(40)302, 16th November 1940, 'Home Food Production', memorandum by the Minister of Agriculture, Secretary of State for Scotland and the Home Secretary, in PRO CAB 67/8. WP(G)(40) 303, 16th November 1940, 'Home Food Production', Minutes of the Food Policy Committee meeting, 13th November 1940, in PRO CAB 67/8.

45 H.C. Deb. (5th Series), Vol. 367, Col. 92, 26th November 1940.

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MAF's first thoughts on the future of British agriculture were contained in a memorandum circulated in March 1941.<sup>46</sup> The proposals rested on a number of basic assumptions about the long-term economic and financial effects the war would have on the British economy. The memorandum held that after the war Britain's ability to import and export would be diminished, and that the demands of the war would have depleted the country's reserves of foreign exchange and foreign investments. Against all of the problems, it was argued, a prosperous and healthy agriculture would provide some measure of relief. The memorandum was largely the work of the Permanent Secretary Donald Fergusson, and in his words 'reflected the best opinion in the industry'.<sup>47</sup> Fergusson's view was that the impact of the war on the British economy and the generally unstable world situation would require post-war agricultural policy to move away from purely economic and nutritional considerations to take more account of 'strategic' considerations.

The primary consideration, he argued, should be to keep as much land as possible in as healthy a condition as possible, with a post-war arable acreage of between 12 and 16 million acres, and the only way of achieving this was through mixed farming. Livestock numbers would be restored to their pre-war levels, but on mixed rather than specialised farms, and the latter would be actively discouraged. Home production of animal fodder crops would be increased, as would the amount of land put down to

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46 PRO T230/1, March 1941, 'Memorandum on Problems for Consideration in Connection with Post-War Policy'.

47 PRO T230/1, 14th October 1941, Note of the Preliminary Meeting of the Official Committee on Post-War Internal Economic Problems.

temporary grass, and his proposals also envisaged 'modest' increases in wheat and potato production. In support of his arguments Fergusson could point to the results of the early wartime surveys, and the dangers that low soil fertility and the poor state of repair of farms in general had posed to the UK in the early months of war. The potentially unstable world situation after the war revealed, in Fergusson's view, the importance of a prosperous agriculture for the nation's future security. For this reason the maintenance of soil fertility, and with it a healthy industry, was the central objective of his proposals.

The County War Agricultural Executive Committees (CWAECs) would be retained after the war to encourage efficient production and proper standards of husbandry, and to regulate imports and home production and prices thereby ensuring the stability of the industry and a 'fair' remuneration for the efficient farmer.<sup>48</sup> There was to be no return to the conditions of the inter-war period, a period of 'piecemeal policy and an unbalanced agriculture'. Fergusson acknowledged that British producers would have to be protected from specialist producers, and that the cost of the policy he had outlined would be 'considerable'. This cost would, however, be justified given the important role agriculture would play in Britain's post-war recovery. The County Executives, and an increase in the provisions made for agricultural research and education, would ensure low cost, efficient production. The memorandum also envisaged the national control, but not nationalization, of agricultural land, with the creation of a 'Central Tribunal' to oversee land use and the setting up of a Land Commission to acquire and run holdings for the State.

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48     ibid., p.22.



In a note to the Lord President on Fergusson's proposals Lionel Robbins, the Director of the Economic Section, criticised the memorandum as being 'actively destructive of the most hopeful tendencies in recent agricultural developments'.<sup>49</sup> The line of evolution in British agriculture, he continued, had been towards specialised production while MAF's proposals advocated reversing this trend, and so the Government was faced with 'a flat choice between going forward or backward'. In a letter to Sir William Eady Robbins acknowledged that there was a political argument for giving a 'dole to the agricultural interest',<sup>50</sup> but went on to argue that there was no economic rationale for the sort of costly, protective policy Fergusson had advocated. Robbins' view was that economic considerations could only be over-ridden by nutritional considerations, and that any financial support should be given to 'protective' foods, and in particular to milk. MAF would object to such a policy on the grounds that it would foster dairy production at the expense of mixed farming in general, which would in turn affect soil fertility.

'But ought such objections to weigh with those of us who are more interested in the welfare of the people than in the welfare of the soil?'.<sup>51</sup>

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49 PRO CAB 124/567. August 1941, 'Note for the Lord President on the MAF Memorandum.

50 PRO CAB 124/567, 9th November 1941.

51 ibid. Later in the same letter, Robbins wrote : 'I just cannot believe that a policy which seeks so violently to reverse the secular trend has survival value in the long-run ..... It cuts so obviously across the interest of specialised livestock farming and the interest of some of our best export markets'.

Fergusson's proposals would also involve a restriction of feed imports into the UK, a policy Robbins believed would cause unrest amongst a large section of the agricultural community.

Fergusson's proposals were also heavily criticised by the Treasury. MAF had argued that the ultimate aim of agricultural policy should be 'the proper care and use of the land itself',<sup>52</sup> while the Treasury emphasised that the ultimate objective of any policy should be the welfare of the community as a whole. Soil fertility was only a means to this ultimate end and it was 'irrational to use labour and other resources for this purpose if their yield elsewhere is greater'.<sup>53</sup> The Treasury also argued that the proposals would involve a net loss to the nation, as the economy would not be using its resources at the level of maximum return if British Farmers were encouraged to produce commodities that could be obtained more cheaply from abroad. The 'security' arguments for MAF's proposals were also dismissed, with officials arguing that the money would be better spent on ships and storage facilities than on subsidies and protection. In the inter-war period UK production had moved away from staple crops towards commodities with a higher nutritional value, and which enjoyed a naturally protected market. The Treasury view was that this trend should be allowed to continue in the post-war period.<sup>54</sup> MAF was proposing to organise agricultural production on the lines least in accordance with the process of economic and technical evolution; in the words of one Treasury official the memorandum represented 'a very

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52 PRO T230/1, March 1941, 'Memorandum on Problems for Consideration in Connection with Post-War Policy', p.6.

53 PRO T230/1, March 1941 (?), Introduction, MAF Memorandum on Post-War Policy'.

54 ibid.

good working out of what the farmers would conceive a healthy and well-balanced agriculture to be'.<sup>55</sup> It was also felt that MAF weakened the arguments for their proposals by arguing that the UK's ability to import would be reduced after the war and that it would be necessary to protect British farmers from overseas competition.

Despite these objections some Treasury Officials were inclined to be sympathetic to Fergusson's aims, with one official expressing the view that there was 'much solid sense in their radical principle that our land is a primary asset which must be husbanded'.<sup>56</sup> In a memorandum to Sir Alan Barlow, joint Third Secretary to the Treasury, H. D. Henderson argued that MAF's arguments were 'perfectly logical', given that there was 'little doubt' that the balance of payments would be a key problem for a 'long period' after the end of the war.<sup>57</sup> However Henderson went on to question whether MAF's proposals, which rested on a considerable increase in domestic fodder crop production, would in fact help to remedy this situation. The expansion of domestic production at the expense of imports could directly effect the country's exports, and if such a policy led to an increase in production costs the competitive position of UK products could be indirectly affected. If foreign exchange considerations demanded it, supplies of a number of commodities (e.g. oil seeds) could be obtained from Empire sources.

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55 PRO T161/1165 S.48830/1, 9th June 1941, memorandum from Dunnett (Treasury) to Proctor (Treasury).

56 ibid., 9th June 1941, memorandum from Proctor to Sir Alan Barlow (Proctor was an Assistant Secretary to the Treasury).

57 ibid., 22nd June 1941, memorandum from H. D. Henderson to Sir Alan Barlow.

MAF's proposals, Henderson continued, did not simply involve securing remunerative prices for producers, but securing those prices when the production of milk, meat, and eggs was being carried out in an extremely expensive way.<sup>58</sup> In Henderson's opinion the MAF memorandum contemplated 'a level of agricultural prices that will give extravagant profits to the majority of farmers in order to make it possible for a minority to pursue the system of farming which it is desired to encourage'. The demand for subsidies would almost certainly eventually exceed the sum the Exchequer could, or would, be prepared to support, and the net effect of passing the whole burden of agricultural support onto the consumer would be to depress real wages and increase industry's costs of production. This in turn could adversely effect the balance of payments. Henderson's view was that the Government could not afford to ignore nutritional considerations and the general benefits of specialisation, or to place all its eggs in the 'mixed farming basket'.<sup>59</sup>

In a note to the Chancellor of the Exchequer and the Financial Secretary, Horace Wilson, the Treasury's Permanent Secretary, advised that if MAF tried to take their proposals any further he would have to recommend the circulation of a very critical memorandum by the Chancellor.<sup>60</sup> In August 1941 Sir Richard Hopkins, Second

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58 MAF's proposals argued that fodder crop production must be made profitable on land that it had not been profitable to plough up during the inter-war period.

59 In a note to Sir Richard Hopkins, Second Secretary to the Treasury, Barlow argued that if it was accepted that agriculture had to be kept in a reasonably remunerative condition after the war, then this would involve either large Exchequer subsidies or a considerable increase in retail prices, and machinery for the regulation and control of the industry by the State. The overall cost of MAF's proposals was likely to be somewhere in the region of £75 million (current prices), and left the Government to face the 'appalling dilemma' Henderson had described. Barlow was himself opposed to the maintenance of a large arable acreage, and to MAF's ban on specialist production. T161/1165 S.48830/1., 29th July 1941.

60 ibid., 8th August 1941.

Secretary to the Treasury, met Sir Donald Fergusson, to discuss the policy proposals, and it was eventually agreed that the Treasury would produce a redraft of the memorandum on what they regarded as more acceptable lines.<sup>61</sup> The responsibility for this task fell largely to Hopkins himself, but a number of his colleagues felt that the finished memorandum still displayed too much sympathy for MAF's arguments, and that his version of the proposals retained the anti-specialist bias present in the original memorandum.<sup>62</sup> Hopkins was also criticised for expressing doubts about the degree of regulation, 'State Socialism', implied in MAF's memorandum. Henderson, for example, argued that 'All Hearts bleed nowadays for the primary producer at the mercy of unregulated market forces'. More importantly, these proposals were likely to appeal to the Labour members of Government, and in Henderson's view it would be unwise for the Treasury to put itself in opposition to Ministers on this issue.<sup>63</sup>

In October 1941 the Minister Without Portfolio, Arthur Greenwood, appointed an official committee to look into post-war internal economic problems, under the Chairmanship of Sir George Chrystal. The Committee was to formulate the chief problems that would need to be addressed in domestic policies, prepare memoranda on these problems, and formulate for Ministers the considerations that should be borne in mind when framing post-war policy.<sup>64</sup> Agriculture and food policy were included

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61 ibid., 27th August 1941, Note of A Meeting Between R.V.N. Hopkins and D. Fergusson.

62 For example, ibid., 5th September 1941, memorandum from H. Henderson to R.V.N. Hopkins.

63 ibid.

64 The Committee was known as the Official Committee on Internal Economic Problems (IEP). See : IEP(41), 1st November 1941, 'Composition and Terms of Reference', Note by the Secretary, in PRO CAB 87/54, IEP (41)2, 1st November 1941, 'Plan of Work', memorandum by the Chairman, in PRO CAB 87/54.

in the Committee's remit, and MAF were subsequently asked to submit a memorandum for consideration.<sup>65</sup> However, a serious difference of opinion arose, both within the Committee and between Ministers, on the 'guiding assumptions' under which the Official Committee should examine the Agriculture Departments' proposals. In a letter to Sir Richard Hopkins Fergusson had argued that post-war policy could not be discussed by officials until Ministers had taken decisions on the wider political aspects of post-war agriculture,<sup>66</sup> and MAF's proposed submission to the Official Committee laid down a number of 'broad principles' to act as guidelines in the formulation of policy.<sup>67</sup>

The Agricultural Departments wanted to lay down the broad outline of policy in advance, leaving the Committee to 'clothe their bones with flesh',<sup>68</sup> while within the Committee it was felt that such an approach would severely limit the scope of their discussions. They were supported in this by both Greenwood and the Chancellor, Kingsley Wood.<sup>69</sup> Within the Treasury Hudson was seen as trying to 'jump not only the Official Committee but also his Cabinet colleagues on a matter of first-class

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65 Hopkins suggested that MAF should submit a memorandum for consideration by the departments concerned in a note to the Financial Secretary and the Chancellor on 9th October 1941. The memorandum would be submitted to Greenwood's Economic Policy Committee, and subsequently to the Official Committee under Chrystal, who would arrange inter-departmental discussions on the proposals. These suggestions were submitted to the Economic Policy Committee and were agreed to. PRO T161/1165 S.48830/1., 9th October 1941, Note from R.V.N. Hopkins to Sir Horace Wilson/Capt. H. Crookshank/Sir Kingsley Wood.

66 PRO T161/1165 S.48830/1., 13th November 1941, Letter from Sir D. Fergusson to R.V.N. Hopkins.

67 The draft of the MAF/Department of Agriculture for Scotland memorandum, dated 11th March 1942, can be found in PRO CAB 127/170 (Jowitt Papers).

68 PRO CAB 127/170, 11st March 1942, Letter from R.S. Hudson to Sir William Jowitt.

69 ibid., January 1943, 'Aide-Memoire' for Sir William Jowitt.

importance',<sup>70</sup> MAF's 'broad principles' clashed with the terms of reference under which the Committee had been established, which charged the Committee with forming for Ministers the considerations to be borne in mind when framing policy.

The matter was eventually referred to William Jowitt, then the Paymaster-General. Jowitt's view was that it was not the job of Civil Servants to take decisions on major questions of policy; in his view 'the officials should collect all the available bones; the Ministers should then wire up the skeleton and officials would then clothe the skeleton with flesh'.<sup>71</sup> Jowitt's solution to the controversy was to suggest an alternative set of principles to guide the Official Committee in their deliberations.<sup>72</sup> Feeling that the affair had dragged on for too long Hudson, Greenwood and Kingsley Wood accepted Jowitt's proposals.<sup>73</sup>

The MAF memorandum was eventually submitted to the Official Committee on Internal Economic Problems in September 1942 and set out a long-term policy for British agriculture based on the assumptions Jowitt had suggested six months earlier.<sup>74</sup> These assumptions were that all good agricultural land should be

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70 PRO T161/1165 S.48830/1., 21st April 1942, memorandum from R.V.N. Hopkins to H. Wilson-Smith (Principal Private Secretary to the Chancellor).

71 PRO CAB 127/170, 12 March 1942, letter from Sir William Jowitt to R.S. Hudson.

72 PRO CAB 127/170, 21 April 1942, letter from Jowitt to Sir Kingsley Wood.

73 ibid., 24th April 1942, letter from Sir Kingsley Wood to Jowitt. In a memorandum to Wilson-Smith, Hopkins argued that even Jowitt's revised 'guidelines' clashed with the Official Committees terms of reference, but if they satisfied MAF then they had 'better be swallowed'. PRO T161/1165 S.48830/1., 21st April 1942.

74 IEP(42)40, 16th September 1942, 'Post-War Policy', memorandum by the Agriculture Departments, in PRO CAB 87/55.

maintained in a condition of fertility and productivity; and that any policy should aim at securing, to the utmost extent practicable, economic stability for the industry together with good standards of husbandry. MAF's initial set of 'guiding principles' had included definite commitments to mixed farming at the expense of specialised production, to a permanent increase in the peace-time arable acreage, and to a permanent system of guaranteed prices and markets. In their submission to the Official Committee these proposals appeared as recommendations rather than as a framework within which policy decisions were to be made, and the proposals themselves had been amended in the light of the criticism aimed at MAF's first policy proposals.

The memorandum still argued that mixed farming should form the basis of the post-war industry, but acknowledged that British farming was complementary to an economic system which would continue to rely on the large-scale importation of agricultural produce. Domestic production would continue to be largely devoted to livestock production, with grass the predominant crop in much of England and Wales. MAF argued that the bulk of the country's farm land could be maintained in a state of productivity and fertility if production was undertaken on a scale and character which entailed a 10% cut in imports over their pre-war level, by volume and value. It was argued that such a reduction would be necessary in any case given the country's prospective balance of payments in peacetime. Economic stability would be secured through the continuation of the Ministry of the Food, or the creation of Import Boards



responsible for the wholesale purchase of food and with some degree of control over internal distribution.<sup>75</sup>

In general MAF's memorandum elicited a more positive response than had been given to its first thoughts on post-war agriculture,<sup>76</sup> the main dissenting voice being that of the Board of Trade, Hugh Dalton's department in the wartime coalition. In a memorandum to the Internal Economic Problems Committee the Board of Trade complained that MAF had given no indication of the likely cost of their proposals, and argued that as mixed farming was generally a more expensive method of production than intensive systems, a policy which encouraged the farmer at the expense of the latter would unnecessarily increase the cost of maintaining agriculture in peacetime.<sup>77</sup> In reply Fergusson stressed that MAF had no desire to create a 'pampered' industry, simply one that was stable enough to allow farmers to plan ahead with a 'reasonable degree of confidence'.<sup>78</sup> The industry, he continued, would emerge from the war in a far more competitive position, and this would help to offset what Fergusson regarded as being potentially the most expensive aspect of post-war policy, the production of 'unsheltered products' at levels higher than those dictated by market conditions.

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75 In discussion this section was amended to indicate that these proposals were simply one method of guaranteeing stability, and in the revised version of the memorandum a system of subsidies, import levies and tariffs was put forward as an alternative to November 1942, in PRO CAB 87/55.

76 For example, in a note from Henderson to Bernard Gilbert, an Under-Secretary to the Treasury, the former opined that the Treasury should offer 'no departmental objection' to MAF's proposals. PRO T161/1165.548830/2., 23rd June 1942.

77 IEP(42)50, 6th October 1942, 'Post-War Agricultural Policy', memorandum by the Board of Trade, in PRO CAB 87/55.

78 IEP(42) 58, 14th October 1942, Note by Sir Donald Fergusson; in PRO CAB 87/55. Fergusson also argued that it would be impossible to provide a realistic estimate of the cost of the Agricultural Department's proposals without figures for the peacetime levels of wages and prices.

In discussion the Agricultural Departments, while stressing that the memorandum was only intended to give an outline of their proposed policy, emphasised that their proposals were designed to make the best use of the country's natural advantages in agriculture, and that they would increase the efficiency of farm management. Speaking on behalf of the Board of Trade the Permanent Secretary, Sir Arnold Overton, argued that while the case for the special treatment of British agriculture after the war had been accepted, the question remained as to what would be the most appropriate method of implementing this guarantee. Overton questioned whether a system of guaranteed prices would make it an 'easy matter' to reduce prices to ensure efficient production after the war. The Ministry of Food was in agreement with the general objectives outlined in the memorandum, although they believed that the main problem facing the Government was how to convert approved policy into administrative action. The Secretary to the Ministry of Food, Sir Henry French, also felt that some effort should be made to produce an estimate of the cost of the proposals.<sup>79</sup> It was eventually agreed that talks would be arranged between the relevant departments with a view to producing an estimate of the total cost of the Agricultural Department's proposals, and that all discussion of the memorandum would be suspended until an estimate had been produced.<sup>80</sup>

In a letter to Fergusson in October 1942 Keynes raised the question of the cost of post-war policy. He felt that the memorandum's proposals were 'sensible and

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79 IEP(42) 20th, 16th October 1942, in PRO CAB 87/55.

80 IEP(42) 21st, 6th November 1942, in PRO CAB 87/55. The departments concerned were the Agricultural Departments, the Ministry of Food, the Treasury, the Economic Section, and the Central Statistical Office.

moderate', and that there was no reason why they should not be put into effect.<sup>81</sup> He was more concerned, however, with the financial aspects of MAF's proposals, and gave Fergusson his own estimates of the expenditure that would be required. Keynes estimated that, at current prices, agricultural aggregate net income would be £225 million, with Keynes estimating that the prevailing level of subsidies was somewhere in the region of £125. In Keynes view the crucial question was : What should the level of aggregate income be after the war? The existing high level of profits could be justified by wartime conditions and demands,<sup>82</sup> while in peacetime an aggregate net income of between £100-125 million would, in Keynes' view, be sufficient; on Keynes estimate based on current prices, post-war net income would be somewhere around £250 million. Thus the gap between the industry's prospective profits and what was required for a healthy agriculture was approximately the same order of magnitude as the prevailing level of subsidies.

However, Keynes was quick to stress that he did not envisage a return to any sort of 'laissez-faire' policy, emphasising that the fixing of prices at least a season in advance was 'indispensable'. The point he was trying to make was that 'any continuing subsidies that may be required are not on a scale to frighten anyone'. Keynes told Fergusson that he believed that after the war it would be possible to have a prosperous agricultural industry, 'without involving the taxpayer in any expenditure that he is likely to grudge'. The issue was subsequently discussed more formally at a meeting

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81 PRO MAF 38/325, 8th October 1942.

82 In peacetime, for example, marginal land could be allowed to go out of production.

at the Treasury towards the end of October, presided over by Keynes.<sup>83</sup> The purpose of the meeting was to agree an estimate for the cost of the Agricultural Departments' proposals to present to the Official Committee. Keynes led the discussion, basing his calculations on the assumption that international c.i.f. prices and wages would remain at their existing level, and that the cost of living index would be maintained at 30%, or less, above its pre-war level. If farmers received prices for their produce corresponding to the prevailing level of retail food prices, then after the war aggregate net income would be at least £250 million. This could be compared to a pre-war figure of £60 million. In Keynes view an aggregate figure of between £100 and £150 was a 'reasonable' figure. Keynes conclusion was that some Exchequer expenditure would be required to secure a reasonable level of aggregate net income, but that this expenditure would only be in the region of £25 million.

In January 1943 the MAF memorandum, amended to include some paragraphs dealing with the cost of the proposals, was submitted to the Ministerial Committee on Reconstruction Problems, which was chaired by Sir William Jowitt and included Bevin, R.A. Butler, Attlee and Sir Kingsley Wood.<sup>84</sup> At the suggestion of Sir Henry French, the Secretary to the Ministry of Food, the memorandum had also been amended to indicate that during the transitional period from war to peace it would be necessary to maintain the wartime character of production.<sup>85</sup> The memorandum

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83 PRO MAF 38/325, 20th October 1942. Also present were Sir Alan Barlow, Joint Third Secretary to the Treasury, R.R. Enfield, an Assistant Secretary to MAF, and Professor Lionel Robbins from the War Cabinet Office.

84 IEP(43)1st, 1st January 1943, in PRO CAB 87/55. The memorandum was submitted to Ministers under IEP(43)3/RP(43)2, 5th January 1943, 'Post-War Agricultural Problems', in PRO CAB 87/55.

85 See : IEP(42)67, 22nd December 1942, Note by Fergusson on Amendments to IEP(42)40, in PRO CAB 87/55.

envisaged a 'not ungenerous' figure for post-war aggregate net income of £145 million, and subsidies of £50 million, although this figure might be increased if it was found necessary to stimulate the production of certain foods, milk for example.<sup>86</sup>

The Committee, with the notable exceptions of Attlee, Bevin, and the Secretary to the Oversea Trade Department, Harcourt Johnstone, agreed that the proposals should be sent forward to the Cabinet as giving a 'general picture' of the direction agricultural policy should take in peacetime.<sup>87</sup> The Committee also agreed that the Cabinet should be invited to open talks with the industry, although no financial commitments should be entered into, and that the Agricultural Departments should collaborate with the Ministry of Food in drawing up proposals designed to increase agricultural efficiency. Attlee's view, expressed in a memorandum to the Reconstruction Problems Committee, was that MAF's proposals still gave the welfare of the land precedence over the welfare of the people, and he called for the whole question of post-war policy to be based on a new objective, namely providing food for the people with fair conditions for producers.<sup>88</sup> Although Attlee and Bevin were not able to prevent MAF proposals being sent forward to the Cabinet, their arguments were more sympathetically received by their Cabinet colleagues.

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86 IEP(43)3/RP(43)2. The memorandum assumed that c.i.f. Ministry of Food first selling prices and wages would be kept at their October 1942 levels, that wartime prices would be reduced, and that the gains in efficiency achieved during the war would be maintained.

87 RP (43) 2nd, 27th January 1943, in PRO CAB 87/3.

88 RP (43)7, 16th January 1943, 'Post-War Agricultural Policy', memorandum by Attlee, in PRO CAB 87/3.

After considering MAF's proposals it was decided that it would be 'premature' to initiate policy discussions with farmers' representatives, as the Cabinet felt that the Agricultural Departments should give more thought to their proposals.<sup>89</sup> Ministers felt that MAF et al had to provide a greater justification for their proposals than was contained in their memorandum, and in particular they should give more thought to nutritional issues. The Agricultural Departments were therefore asked to re-examine their proposals and to re-submit them to the Cabinet.

In a memorandum to the Lord President, Sir John Anderson, Lionel Robbins argued that there were 'grave objections of principle against the whole conception on which these proposals rest'.<sup>90</sup> The Agricultural Departments' proposals would involve a substantial reduction in the import of cheap animal feedstuffs, and as home-grown feeds would be relatively more expensive, this would hit specialist livestock producers. Reducing feed imports would also adversely affect UK exports. MAF's arguments rested, at least in part, on considerations of security, but Robbins argued that a peacetime cattle industry based on the import of feedstuffs was doubly advantageous from a security perspective. Such a policy would create a reserve of meat 'on the hoof', and would help to maintain the country's merchant marine in peacetime. Robbins was also afraid that the retention of the wartime powers of the Ministry of

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89 WM(43)55, 15th April 1943, in PRO CAB65/34. MAF's proposals were submitted to the War Cabinet as WP(43)103, 10th March 1943', 'Post-War Agricultural Policy', memorandum by the Agricultural Departments, in PRO CAB 66/35. The memorandum was submitted by the Minister without Portfolio on behalf of the Reconstruction Problems Committee.

90 PRO CAB 124/567, 1st April 1943.

Food and the apparatus of bulk purchase would act as a smokescreen for producer subsidies and would be a 'complication' in international relations.<sup>91</sup>

Robbins complained that the Agricultural Departments' submission laid down a more or less fixed production plan, one which took no account of changes in international trade. This policy, he continued, raised 'very fundamental difficulties':

'Production to a fixed quantitative plan, regardless of external conditions, means production regardless of cost, in the ultimate sense of the word'.

Did the advantages of stability, he continued, outweigh the question of the cost of agricultural support?<sup>92</sup> Robbins' view was that MAF's emphasis on soil fertility as the ultimate object of any policy was fundamentally misconceived; on the sole criterion of national income, the best policy would be to allow the area under cultivation to be determined by the conditions of international supply and demand, with no restrictions on imports. Robbins acknowledged, however, that such a view was not 'practical', given the political pressure for 'something to be done for

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91 During the Official Committee on Internal Economic Problem's discussions Leith-Ross had argued that the bulk purchase of imports would create tension in the international field, as it was simply 'a disguised system of regulating imports'. Robbins had argued that it would be an 'embarrassment' in international negotiations if the British Government were to state that it was committed to maintaining a given level of production regardless of the Terms of Trade or the degree of protection necessary. In reply Fergusson argued that other countries would follow this course, and that MAF's proposals were 'not extreme'.

92 'Why should the changing pattern of agricultural production have suddenly reached such a point of perfection, that the MAF can say with Faust "Verweile doch, du bist so schön". (Stay Thou art so fair), and ask that it should be thus petrified and preserved from the impact of external change forever?'

agriculture'. The payment of subsidies to British farmers was, he argued, essentially a political question.

The Agricultural Departments' restatement of the principles of post-war policy was submitted to the War Cabinet in October 1943.<sup>93</sup> Their earlier efforts had been haunted by, in the words of Lord Murray, 'the spectre of a depressing flood of food imports'<sup>94</sup> at the end of the war, and MAF's policy had aimed at sheltering British agriculture and at preventing a return to inter-war conditions. The new proposals, however, reflected the growing doubts over food supplies in the immediate post-war period, a concern which was embodied in the conclusions of the World Food and Agriculture (the 'Hot Springs') Conference held in May and June of 1943. The Agricultural Departments had reacted with caution to the idea of a world food conference, fearing that 'the enthusiasms of the nutritionists would be unchecked, and that issues would be raised that would cut across the lines of the policy they were espousing.'<sup>95</sup> The Ministry of Food saw the conference as an opportunity to warn the Allies that victory might be accompanied by even greater stringency in food supplies, and to argue that some system of allocation would be necessary if a runaway commodity boom, followed by a disastrous slump, was to be avoided. In the post-war period, Britain, faced with a shortage of both foreign exchange and shipping, might find its food supplies in jeopardy, and other countries might find themselves in an even worse situation. The Ministry urged the Government to ensure that the

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93 WP(43)422,, 28th September 1943, 'Post-War Agricultural Policy', memorandum by the Minister of Agriculture, Secretary of State for Scotland, and the Secretary of State for the Home Department, in PRO CAB 66/41.

94 Murray, op. cit., p.348.

95 ibid., p.349.



conference accepted the prospect of scarcity, and the need to initiate a world-wide production drive.<sup>96</sup> The Ministry's concern over prospective food shortages was reflected in the amendment it suggested during the Internal Economic Problems Committee's discussions of the Agricultural Departments proposals, that the wartime character and the scale of production would have to be maintained in the transition period from war to peace.<sup>97</sup>

The Conference accepted the British delegations arguments that the prospect of a general world food shortage called for the expansion of production and the continuation of international allocation schemes covering food and shipping.<sup>98</sup> The Conference called upon the Allies to increase the acreage of crops intended for direct human consumption, even if this was at the expense of increases in livestock numbers, even though a shortage of cereals was 'at most a contingency that might have to be faced', and a shortage of livestock products and oils 'a virtual certainty'.<sup>99</sup> As R.J. Hammond notes in his study of wartime food policy, the Ministry of Food's view that there would be a post-war shortage of bread grain unless production was increased was based on seemingly insubstantial evidence. Hammond finds little evidence of the influence of wider considerations, for example the political future of Europe, framing official conclusions, and traces the arguments for a shortage of bread grains to the 'informed guessing of one or two individuals in the Ministry of Food'.<sup>100</sup>

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96 Hammond (1951), p.361.

97 See above.

98 Hammond (1951), p.361.

99 ibid., p.361.

100 ibid., p.362 n.

The changing assumptions about the post-war food situation were reflected in the Agricultural Departments' submission to the War Cabinet. As before the memorandum argued that after the war Britain would face balance of payments problems, and that Britain's standing as a world power would be greatly reduced. However, the memorandum also argued that in the light of the Hot Springs report, which envisaged increased competition for the world's exportable surpluses of food after the war, the maintenance of a 'healthy and well balanced agriculture and a 'modest' degree of expansion would be necessary to ensure adequate food supplies. To this end, the wartime scale and character of production would have to be maintained for two years after the war, although thereafter the emphasis could be switched to livestock production.<sup>101</sup> The memorandum envisaged that the shortage of cereals would last for two years, while livestock products would remain in short supply for nearer five years. The Agricultural Departments emphasised that in the long-term, the scale and character of production would be largely determined by economic and financial considerations, and asked that they be given permission to open discussions of an 'exploratory' nature with the industry on the principles of future policy. In subsequent submissions to the Cabinet both R.S. Hudson and the Minister of Food, J.J. Llewellyn, called for the extension of the existing guarantees to the end of 1947, and covering produce from the 1947 harvest. Llewellyn argued that such a pledge would be essential in obtaining needed food, although he was not in favour of talks on longer-term policy

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101 WP(43)422, 28th September 1943. The memorandum also argued that agriculture was still, directly and indirectly, the country's largest industry, and stressed the important social role agriculture played in national life.

with the industry until the nature of post-war conditions became clearer, to avoid 'letting the farmers down again'.<sup>102</sup>

In a second memorandum to the Cabinet Hudson, and the Secretary of State for Scotland Thomas Johnstone, drew their colleagues attention to the tensions that had arisen over the Government's decision not to increase producers prices to compensate for an increase in labour costs.<sup>103</sup> As maximum food production would be required for a further four to five years, Fergusson argued that the Government's immediate problems with the industry could be solved if farmers could be shown that the industry had a future. This could be achieved by extending the industry's guarantees to cover production from the 1947 harvest. The memorandum again asked for Cabinet approval for talks with the industry on post-war policy. The Cabinet met on October 15th to consider the memoranda.<sup>104</sup> Ministers agreed that there should be some extension of the guarantees, although this was limited to a pledge that the guarantees would remain in force for two years after the end of the war and was not tied to a specific time period as Hudson, Llewellyn and Johnstone had suggested. The Agriculture Ministers were also authorised to open discussions with the industry on long-term policy, on the understanding that no commitments would be made without reference to the Cabinet. The Cabinet appointed a committee consisting of the Lord President, the Lord Privy Seal, Hudson, Johnstone and Lord Cherwell to draw up a directive to help guide MAF in the forthcoming discussions. The directive was

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102 WP(43)432, 4th October 1943, 'Post-War Agricultural Policy', memorandum by the Ministry of Food, in PRO CAB 66/41.

103 WP(43)455, 13th October 1943, 'Agricultural Prices and Post-War Policy', memorandum by the Minister of Agriculture and the Secretary of State for Scotland, in PRO CAB66/41.

104 WM(43)141, 15th October 1943, in PRO CAB 65/36.

submitted to the Cabinet and approved at the end of October 1943 and the Agricultural Ministers were invited to begin negotiations with the industry on the lines suggested.<sup>105</sup>

The directive instructed MAF to link the farmers' acceptance of the Government's recent price settlement to the continuation of price and market guarantees for their produce. The farmers' wages bill had been increased by £15 million, and the Government had announced that in view of the general financial condition of the industry it was not prepared to grant a general increase in agricultural prices; increases in the prices paid for liquid milk and dairy cows were offset by reductions in the prices of barley and early potatoes.<sup>106</sup> The Government's decision brought forth howls of disapproval from the industry, and accusations that the Government had broken its pledge that agricultural prices would be 'subject to adjustment to the extent of any substantial changes in the costs of production'.<sup>107</sup> The farmers interpreted this pledge as meaning that there would be an automatic increase in all prices to compensate for an increase in their production costs; however, in February 1942 the Lord President had told NFU representatives that this was not part of the Government's pledge. The price mechanism, he continued, could be used to encourage or discourage the production of a particular commodity, and the Government saw nothing to prevent them adjusting prices up or down according to the needs of food

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105 WP(43)474, 24th October 1943, 'Post-War Agricultural Policy: Draft Directive to the Agriculture Ministers', in PRO CAB 66/41, WM(43)146, 27th October 1943, in PRO CAB 65/36. See also : CAB 78/15, 20th October 1943, Gen.20 First Meeting of the Committee appointed to draw up the directive for the Agriculture Ministers.

106 Murray, op. cit., p.211-212.

107 H.C.Deb., (Fifth Series), Vol. 367, Col. 92, 26th November 1940.

production.<sup>108</sup> In September 1943 Hudson met NFU representatives and the Union's General Purposes Committee to explain the Government's position.<sup>109</sup> Hudson stressed that previous Government statements had made it clear that there would be no automatic general price increase in the event of a increase in agricultural wages, and suggested that any pressure for such an increase might prejudice the position of the industry in the eyes of the public. The Minister of Agriculture also warned that the NFU could jeopardise any agreement between Ministers on a sound post-war agricultural policy if they continued to argue for a general increase in agricultural prices.

Hudson met representatives of the NFU, the County Landowners Association (CLA), and the agricultural workers in November 1943, reiterating the arguments he had used the previous month, and emphasising that the Government had now to concern itself with the transitional and post-war periods.<sup>110</sup> The losses that had accrued on the Ministry of Food's trading account, he continued, could not be contemplated as being permanent, and it would be better if the Government acted now, rather than allow problems to build up and so cause a more serious disturbance when action was finally taken. In reply, the NFU representatives argued that Hudson's statement would come as a painful shock to most farmers. At a later meeting the NFU representatives told

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108 Murray, op.cit., p.167.

109 PRO MAF 38/234, 13th September 1943, Note of a Meeting between the Agriculture Minister and NFU Representatives; 22nd September 1943, Note of a Meeting between the Agriculture Minister and the General Purposes Committee of the NFU.

110 PRO MAF 38/234, 4th November 1943, Note of a Meeting between the Agriculture Minister and the NFU, CLA, NUAW and TCWU.

Hudson that the Government's decisions on prices would lead to 'great despondency' within the industry.<sup>111</sup>

Further conflict with the NFU was defused by Hudson's speech to the Commons in January 1944 in which he offered to discuss three issues with the industry; the collection of data acceptable to both sides as a basis for future price fixing, the procedure for using this data, and the means of relating fixed prices and assured markets to production in the period up to and including the 1947 harvest.<sup>112</sup> A few days before Hudson's speech Donald Fergusson had written to Sir Edward Bridges, the Cabinet Secretary, suggesting that there was 'a strong case for some extension of the present pledge in point of time'. The Government had pledged that the existing system of guarantees would remain in operation for two years after the end of the war. British farmers were working to a four-year production plan and, Fergusson argued, their faith in the Government would be restored if the pledge was extended to cover the period up to the end of 1947. Fergusson also suggested that the actual prices of livestock products should be fixed for the same period.<sup>113</sup>

These proposals were submitted to the Cabinet a few days later. The Minister of Agriculture's request for the authority and fix livestock prices was turned down,

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111 ibid., 24th November 1943, Note of a Meeting between NFU Representatives, the Minister of Agriculture and Officers of MAF.

112 H.C. Deb., (5th Series), Vol. 396, Col. 726-727, 26th January 1944. In a letter to the NFU President J.K. Knowles, Hudson emphasised that his speech had 'definitely closed the issue of the present price settlement and the meaning of the pledge'. In the Minister's eyes the only 'fruitful' procedure would be to initiate talks on future policy PRO MAF 38/234, 1st February 1944, letter from R.S. Hudson to J.K. Knowles.

113 PRO MAF 38/234, 21st January 1944.

although it was agreed that he could discuss the possibility of extending the existing guarantees to the end of the 1947.<sup>114</sup> The following day Hudson made his speech to Parliament, in which he offered to begin negotiations with the industry to secure a 'satisfactory post-war policy for agriculture'.<sup>115</sup> In April 1944 the Lord President's Committee agreed that milk, cattle, and sheep producers would be offered guaranteed prices and an assured market for their produce for the period up to the summer of 1948, with the prevailing prices as minima. Hudson, Llewellyn and Johnston had argued that if milk and meat production were to be increased in the post-war period producers must be given some guarantee of future stability. They had also suggested that the Government should offer a guaranteed market for all the eggs and pigmeat produced over the same period at 'appropriate' prices. For nutritional reasons milk was to be given the highest priority, followed by beef and mutton, and finally pigmeat and poultry. The Committee approved the proposals relating to cattle and sheep, but agreed that similar commitments could not be made with regard to pigs and poultry. The Committee also instructed MAF to make it clear to the NFU that such guarantees would not be extended to cover other commodities.<sup>116</sup> The War Cabinet subsequently endorsed the Lord President's Committee's conclusions, and also approved MAF proposals for increases in the prices of fat cattle and sheep for the 1944/45 season.<sup>117</sup>

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114 WM(44) 11, 25th January 1944, in PRO CAB 65/41.

115 H.C. Deb. (5th Series), Vol. 396, Col. 727, 26th January 1944.

116 LP(44)62, 3rd April 1944, 'Livestock and Milk Prices', memorandum by the Minister of Agriculture, Secretary of State for Scotland, the Minister of Food and the Secretary of State for the Home Department, in PRO CAB 124/825. LP(44)17, 12th April 1944, in PRO CAB 71/15.

117 WP(44)218, 22nd April 1944, in PRO CAB 66/39. WM(44) 59, 28th April 1944, in PRO CAB 65/41.

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The Agricultural Departments began their discussions with representatives of the NFU in February 1944.<sup>118</sup> In a speech to the House in December 1942 Jowitt had announced that the Government hoped to begin discussions with the farmers early in the New year.<sup>119</sup> However, in April 1943 the Cabinet concluded that it would be 'premature' to begin policy discussions on the basis of the Agricultural Departments' proposals. In May 1943 the Agriculture Ministers asked the Cabinet for guidance on the line to be taken when replying to Parliamentary questions on the progress being made in the planning of post-war agriculture. It was stressed that the failure to announce any progress would be received with 'deep dissatisfaction' by Parliament, and would make the farmers increasingly suspicious of the Government's intentions towards their industry. It was finally agreed that a statement would be made reaffirming the Government's commitment to a stable and healthy agriculture, but stressing that the stage had not yet been reached where Ministers could begin to discuss policy issues with the industry. The Agriculture Ministers were told that this formula was to be strictly adhered to, and that no new commitments were to be entered into.<sup>120</sup>

While the Cabinet debated these issues, the calls for the discussion of post-war agricultural policy grew ever louder. In September 1943 Attlee met representatives

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118 PRO MAF 38/234, 24/25 February 1944 and 6th March 1944, Note of a Meeting between the Agricultural Departments and the NFU.

119 H.C. Deb., (Fifth Series), Vol. 385, Col. 1094-1095, 1st December 1942.

120 WM(43)64, 4th May 1943, in PRO CAB 65/34.



of the NFU, led by Sir Cleveland Fyfe, who expressed their concern at the likelihood of a 'first class row' if the Government did not take any positive action to reassure the farmers. Farmers, the NFU continued, would be content if the Government would just start talking to them. They did not expect to be given any firm commitments or promises at this stage. In reply Attlee outlined some of the issues Ministers had to consider in regard to any future policy, including 'the widespread belief that the farming community has received over generous treatment'.<sup>121</sup>

When talks began five months later the first issue to be discussed was how data on farm accounts could best be used in the construction of a system of price and market guarantees. If an agreement could be reached, then the Government indicated that it would be prepared to offer guarantees for the period up to, and including, the 1947 harvest. The first round of talks ended at the beginning of March; both sides were to give further consideration to the question of the starting point or 'datum line' for any price-fixing arrangements. In the first round of talks the 1941/42 figure for net income, some three times the pre-war level, had been suggested as a suitable 'datum line', but the issue had not been settled. Provisional agreement had been reached on the data to be used in any future price negotiations; estimates of net income on a country-wide basis, financial accounts for different types and sizes of farm, and enterprize cost studies. When agreement was reached on the basis for future price-fixing arrangements, the NFU were to consider an 'Annual Price Review' procedure, a mechanism which would be used to make any adjustments to prices necessary to ensure a fair level of remuneration for farmers. Reviews would be held in February

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121 PRO CAB 124/567, 8th September 1943, Note of a Meeting between the Lord President and Sir Cleveland Fyfe.

of every year and would assess the general financial position of the industry. The prices agreed at the review in a particular year would apply to the crops from the following year's harvest, to milk prices from the October of the review year, and to livestock from the July of the review year. There would be 'Special Reviews' in the event of important and 'substantial' changes in costs that had not been covered by the annual review. The then Vice-President of the English Farmer's Union, James Turner, approved of this system, and told MAF that he was prepared to support them when they went before the General Council of the NFU.<sup>122</sup>

The next round of talks began in May 1944, and in his opening statement Fergusson outlined to the NFU representatives the Government's proposals for livestock prices, stressing that similar offers could not be made in respect of other agricultural commodities. The Government could also not commit itself to maintaining a given level of profitability for the farming sector.<sup>123</sup> Fergusson moved on from this to raise once again the question of the 'datum line'. The MAF view was that a price datum line should be used as a basis for calculations rather than one which was based on a figure for net income. It would be too difficult, Fergusson argued, to translate changes in global net income into changes in individual commodity prices; net income figures would be used as a back ground to price calculations, to give MAF an idea of the general financial condition of the industry, MAF's proposals would give farmers price and market guarantees for the period up to the summer of 1948, guaranteed

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122 PRO MAF 38/234, 12th April 1944, letter from R.R. Enfield (Principal Assistant Secretary, MAF) to A. Glen (Department of Agriculture for Scotland).

123 PRO MAF 38/234, 12th May 1944, 'Outline of a statement made by Sir Donald Fergusson to NFU Representatives'.

minimum prices for milk, beef and mutton, an undertaking that prices would be adjusted in the event of a substantial change in costs, the full disclosure of statistical information, and consultation according to an agreed procedure before any price adjustments were made. Fergusson saw the proposals as;

' ..... not merely a guarantee of prices of certain commodities for four years ahead. They would constitute a procedure of price-fixing which might form a very useful model for the future, and be a phase in the evolution of a long-term policy of stability'.<sup>124</sup>

The talks were resumed in June, after the NFU had submitted MAF's proposals to their General Purposes Committee.<sup>125</sup> The Union welcomed the Government's proposals for milk, cattle and sheep, but felt that they could not be regarded as being sufficient in themselves. Firmer assurances were needed for the other important commodities, 'so that a general picture could be obtained of the four-year farming plan as a whole'. British farmers wanted their industry to play a fitting role in the national economy and were willing to make every effort to improve the general standard of efficiency of the industry.<sup>126</sup>

Farmers felt, however, that the proposals Fergusson had outlined did not give the industry firm enough guarantees, and would in fact leave the industry in a state of

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124 ibid.

125 PRO MAF 38/234, 12th May 1944, Note of a Meeting between the Agricultural Departments and the NFU.

126 PRO MAF 38/234, 13th and 14th June 1944, Note of a meeting between the Agricultural Departments and the NFU.

'deplorable insecurity'. A datum line related to only one or two commodities would have little value and the Unions' argued that if the Government really wanted to gain the support of the farmers, they should take the 1941/42 net income level as a basis for future price fixing. In reply, MAF argued that a price datum line would be easier to understand, and preferable to referring back to a level of profitability achieved under very different conditions. It was appreciated that the Government's refusal to make firmer guarantees for certain foodstuffs might cause farmers some misgivings, but the Government could not offer specific guaranteed prices for wheat, barley and potatoes now, when it was impossible to force market conditions that far ahead. For example, a large increase in world wheat production could make it impossible for the Government to guarantee the market for domestically produced wheat at the present high level. Any minimum prices fixed now for the period up to summer 1948 would have to be fixed with regard to possible future price trends, and would have to be set so low that it would not give the farmers much satisfaction. The NFU, in reply, claimed that it was likely that all the main agricultural commodities would be in short supply after the war, and so MAF could set minimum prices for cereals and potatoes with more confidence than they claimed was justified.<sup>127</sup>

The discussions were continued the following day, and Fergusson opened the meeting by suggesting that agricultural production could be divided into three groups, arranged in order of priority, milk, beef and mutton in the first group, cereals, potatoes and sugar beet in the second, and pigs and poultry in the third. Products in the second group were to have guaranteed prices and markets until summer 1948, but no specific

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127 PRO MAF 38/234, 13th June 1944, Note of a Meeting ....

price guaranteed for the whole period. It might, however, be possible to guarantee maintenance of the current market prices of cereals, sugar beet and potatoes for the 1945 and 1946 harvests. The prices of pigs and eggs would be largely determined by feed prices, and while it was the Government's declared policy to restore production to pre-war levels it would be very difficult at this stage to say what a fair price would be. the Government would consult with the farmers when the position became clearer. Fergusson concluded by saying that the 'uncertainties' of the next four years made it impossible for the Government to commit itself any further on the question of agricultural prices. The proposals he had outlined were, in his opinion. 'The strongest guarantee for agricultural prices that it was feasible to ask the Government to accept'.

The Second Secretary, Sir Donald Vandepier, stressed that the principle behind these proposals was an attempt to underpin the position where prices were reduced, and to facilitate with the minimum of hardship possible the elimination of unnecessary and uneconomic production on marginal land. In discussion, the possibility of a minimum price for crops was linked by MAF to an understanding that if such a guarantee were implemented, acreage payments would be reduced if there was any easing of cropping directions. The NFU reacted strongly to these suggestions, with Sir Cleveland Fyfe, for the English and Welsh Farmers Union, arguing that agreement on such specific proposals would tie the farmers' hands in any future discussions of agricultural policy. The meeting concluded with both sides agreeing that further thought should be given to working out a general formula on the lines suggested, which would be interpreted at price reviews in the light of prevailing circumstances.<sup>128</sup>

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128 PRO MAF 38/234, 14th June 1944, Note of a Meeting ....

A 'Draft Statement of Principles' was prepared by the MAF Statistics and Economics Division, and sent to the Ministry of Food. The paper gave details of the data to be used in price fixing, the guarantees to be given for the next four years, and of the APR and SPR mechanism.<sup>129</sup> The MAF paper also stressed that there would have to be changes in the character of production over the four years, with a greater emphasis on livestock production, and a reduction in the acreage of crops for direct human consumption. On the understanding that the paper was to be treated on a 'tentative and informal document',<sup>130</sup> and that it would be submitted to Ministers before any action was taken, the Ministry of Food agreed that it could be used on a basis for further talks with the NFU. These talks were subsequently held in October 1944, with the NFU agreeing to the Agricultural Departments' proposals.<sup>131</sup> The document was subsequently presented to the Lord President's Committee in November, with a covering memorandum by Hudson, Johnston and Herbert Morrison.<sup>132</sup>

The proposals for the continuation of Government guarantees were framed so as to allow for any changes that might be required in the character of agricultural output over the proceeding four years. As the pressure to maintain the maximum possible acreage of cereals and potatoes eased, the prices producers received could be reduced, and this had been 'explicitly recognised' by the farmers' leaders, on the understanding

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129 PRO MAF 38/234, 14th August 1944, 'Agricultural Prices : Draft Statement of Principles' (Second Revise).

130 PRO MAF 38/234, 18th August 1944, Letter from H. Broadly (Deputy Secretary, Ministry of Food) to D. Vandeppeer (Second Secretary, MAF).

131 PRO MAF 38/234, 18th October 1944, Note of a Meeting between MAF and the NFU.

132 LP(44)192, 23rd November 1944, 'Agricultural Prices', memorandum by the Minister of Agriculture, Secretary of State for Scotland and the Home Secretary, in PRO CAB 71/8.

that adequate notice would be given of any planned reductions. If, for example, it proved possible to reduce the production of wheat and potatoes from the 1946 harvest, then that factor would be taken into account in the prices fixed at the 1945 review. Any adjustments in prices would be announced before the CWAECs began to make cropping plans for the 1946 harvest. The proposals for pigs and poultry were 'the minimum possible having regard to the need for reviving home production of pigmeat and eggs as rapidly as conditions permit'. This revival was required to improve the national diet, to reduce the Country's dependence on foreign supplies, particularly from the USA, and to restore to a large number of small farmers a more appropriate source of income than the wheat and potatoes they had been forced to grow during the war. There were to be no guaranteed minimum prices for cereals and potatoes.

It was also stressed that there could be no question of prices being automatically adjusted in response to increases in wage rates, and that this point had been made to the NFU during their meetings. Any such pledge would be inconsistent with the proposals to reduce prices in the light of the changing demands on the industry. However, it was also 'essential and reasonable' that the Government should make provision for reviewing prices in the event of 'sudden and substantial' changes in costs, changes that had not been taken into account at the preceding price review. Minimum prices would not be adjusted at these 'Special Reviews'.

Any Government statement on the lines suggested by there proposals would give 'a reasonable and balanced recognition of a prima facie case'. It would be unwise to say anything more, but the Agriculture Ministers argued that if their proposals were not

implemented it would be impossible to win the farmers' confidence and co-operation. The Ministry of Food agreed with the proposals, on the understanding that they were not precluded from relaxing or amending the existing controls on home production and marketing, and that a paragraph on these lines be included in any Government Statement on prices. In their conclusion, Hudson and his colleagues reminded the Committee that the industry would be called upon to make exceptional efforts for some years to come. In the light of this, and in the absence of an established long-term policy for British agriculture, it was of the utmost importance to establish a basis of confidence and mutual trust between the Government and the farmers.

The Lord President's Committee approved the Agriculture Departments proposals, subject to certain amendments.<sup>133</sup> The Government statement on prices was finally made public in December, with the first annual review to be held in February 1945.<sup>134</sup> The memorandum presented to the Lord President's Committee had also contained proposals for crop prices for the 1945 harvest as the forthcoming review would fix them for the following year. There had been some increases in costs since prices had been fixed for the 1944 harvest, but MAF concluded that they were not large enough to require any alteration of the prevailing price schedule. Ministers therefore recommended a 'no change' policy for the prices of the main crops from the

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133 LP(44) 54th, 28th November 1944, in PRO CAB 71/15. As originally presented, the draft statement read : 'Account will also be taken, if fixing these prices, of any changes that may be required during the four-year period in the character of agricultural output'. As amended, the proposals were made more specific : '.... output. It must be contemplated that concurrently with a relaxation of pressure - when this becomes possible, for the maximum production of certain crops, e.g. cereals and potatoes, prices of there crops will be reduced'.

134 PRO MAF 38/234, 5th December 1944, 'Agricultural Prices : Statement on Procedure'.



1945 harvest. These proposals, which had been 'tacitly if somewhat glumly accepted by the NFU',<sup>135</sup> were also approved by the Committee.

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135 PRO MAF 38/234, 26th October 1944, letter from Vandeppeer to H. Broadly.

(iv)

By the spring of 1944 the Cabinet had agreed that the existing system of guarantees would be extended to cover the crops produced from the 1947 harvest, and milk, cattle, and sheep production to the summer of 1948. The wartime character and scale of production would have to be maintained for a transitional period of approximately two years after the end of the war; thereafter the emphasis would be shifted back onto milk and livestock production. The proposals contained in MAF's September 1943 memorandum contrasted considerably with the proposals Donald Fergusson had circulated some 2 1/2 years earlier. This first memorandum had treated a healthy agriculture as an end in itself and had tried to divorce agricultural policy from both economic and nutritional considerations. Fergusson's proposals attempted to reverse the developments that had occurred in British farming in the inter-war period, and advocated a considerable expansion of domestic production over its pre-war level. As one Treasury official accurately observed, Fergusson's memorandum gave a farmer's interpretation of what a healthy and well-balanced agriculture should be. However, by the autumn of 1943 MAF's policy proposals acknowledged that agricultural policy would be largely determined by economic considerations, and only advocated a 'modest' expansion of domestic production.

The preceding sections have attempted to show that MAF's final statement of the principles of post-war policy rested on very different assumptions to those which underpinned its earlier efforts. By the end of 1943 the 'spectre of a depressing flood of food imports' at the end of the war had been exorcised, and replaced by the spectre

of post-war food shortages; a shortage of grain in the short-term and a far more prolonged shortage of supplies of meat and animal fats. MAF had initially been concerned to protect British farmers from the harsh winds of international competition and specialised production, using the country's potential balance of payments problems as the economic basis for its arguments. By the end of 1943, however, MAF could also point to the conclusions of the Hot Springs conference and the Ministry of Food's gloomy predictions as to post-war food supplies to support its arguments. At least in the transitional period British agriculture would not require too much protection from floods of imported foods, and British farmers had the extra assurance provided by the Government's guarantees. These guarantees were, however, only intended to cover the transitional period and there had been no working out of a detailed long-term policy for the industry. The main objective of the Government's extension of its price guarantees was to ensure that a high level of production was maintained in the short-term by reassuring the farmers that their industry had a secure future.<sup>136</sup> The annual price review was to become a cornerstone of post-war agricultural policy, but in 1944 it was essentially a means of underpinning a reduction in agricultural aggregate net income from its high wartime level to a more reasonable figure. A cut in net income would also ensure that uneconomic production on marginal land, necessary in wartime, was gradually eliminated the APR would also be used to shift the emphasis in agricultural production away from crops for direct human consumption towards livestock products. Thus the policy to be pursued was basically

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136 An extension of the Government's pledges was also seen as a way of solving its immediate problems with the farmers, problems arising out of the 1943 price review.

one of retrenchment after the expansion of production, incomes and Government support occasioned by the demands of the war.

As was shown in section (i), throughout the war the Treasury were eager to rein in Government expenditure on agriculture, with varying degrees of success, and were highly critical of the use of price 'incentives' to encourage increased production. As early as 1942 the Treasury were arguing that the prevailing level of agricultural net income could only be justified by wartime conditions, and would have to be substantially reduced in peacetime. Given these objectives it is not surprising that Fergusson's memorandum met with such a hostile response from the Treasury, with its disregard for economic considerations, and in view of the 'considerable' cost of the proposals. MAF envisaged a return to a farming system that had been all but destroyed in the inter-war period when the pressures of international competition had forced British farming to evolve towards more specialised production. MAF felt that this trend had served to create an 'unbalanced' agriculture, and so sought to recreate an ideal agricultural industry, one that would be protected from the pressures of the market. Fergusson's memorandum embodied, as he put it, 'the best opinion within the industry', and farmers' leaders naturally advocated an expanded, protected industry based on mixed rather than specialised production; the latter would have benefitted some producers at the expense of others. In this regard MAF's 1941 proposals did represent a step backward for British agriculture.

Both the Treasury and the Economic Section criticised the Agricultural Departments for ignoring nutritional and economic considerations, the Ministry of Food having also

expressed its concern at their apparent disregard for dietary considerations. In MAF's eyes allowance for nutritional considerations would have implied the sort of specialised production they were specifically seeking to avoid. The Treasury emphasised that agriculture could not be treated in isolation from wider considerations, and that Fergusson's proposals would involve a net loss to the nation. MAF were suggesting that the industry be re-organised on the lines least in accordance with economic and technical trends. The production dictated by these trends would also enjoy a naturally protected market. The Economic Section argued that any financial support for the industry should be used to foster production of 'protective' foods. On the assumption that the food supply would not be a problem after the war, the criticisms of the Treasury and the Economic Section carry a great deal of weight. Had such a policy been implemented it is likely that the financial burden would have eventually proved too much for the Exchequer, leaving the Government facing the possibility of being forced to pass the cost onto the consumer. The end result of this policy would have been to adversely affect the balance of payments, thereby undoing any of the financial benefits of Fergusson's proposals. The other option, drastic reductions in the level of Exchequer support for the industry, would have left the Government open to accusations of a second 'Great Betrayal'. However, both the Treasury and the Economic Section acknowledged that political considerations could not be ignored, and that some sort of support would have to be given to the industry.

It is clear that MAF's thinking on agricultural policy was greatly influenced by the criticism levelled at its first policy proposals; the memorandum submitted to the Official Committee on Internal Economic Problems acknowledged that agriculture

could not be considered in isolation from wider economic considerations, and that the large-scale importation of produce into the UK would continue. MAF clearly overestimated the Government's commitment to a healthy and well-balanced agriculture. MAF's somewhat 'blinkered' view of post-war policy can, at least in part, be explained by the relative neglect the industry had received in the inter-war period and the long-term effects of this neglect. MAF's later policy proposals envisaged a more modest degree of expansion than had been suggested previously, the expansion once again being justified by balance of payments considerations. As was argued above these proposals were better received by the other departments, even the Board of Trade, the department which voiced the most criticism, acknowledged that there was a case for agriculture receiving 'special treatment'. The Treasury, in the person of Keynes, were quick to emphasise that they were not seeking a return to the 'laissez-faire' policies of the 1920's, rather a policy of retrenchment to suit peacetime conditions. Given the numerous pledges made by the Government and by individual politicians, the stated views of the major political parties, and the general perception of the industry's war effort, it would have been politically unthinkable for any post-war Government to have returned whole-heartedly to such policies. As was argued in the Introductory Chapter, by 1945 a broad consensus existed with regard to agricultural policy, with experts and politicians from both sides of the political fence arguing that there could be no return to pre-war conditions, and that the state should play a greater role in the running of the industry. Lionel Robbins recognised the political pressure for 'something to be done' for British farmers, although from the point of view of both national income and national security he argued that the best policy would be to allow production to be

wholly determined by international supply and demand with no restrictions on imports. The payment of subsidies, he continued, was essentially a political issue.

As was argued above, all these conclusions were underpinned by the assumption that there would be adequate or more than adequate supplies of food after the war. The country would face balance of payments problems, and MAF's proposals were seen as being only one way of using agricultural production to help ease the UK's financial problems. However, as these assumptions about world food supplies began to be challenged MAF found an increasingly receptive audience for its proposals. By the end of 1942 the Ministry of Food was arguing that production would have to be maintained at wartime levels for a period after the war, before being reduced and re-orientated back onto livestock. It was envisaged that the most serious shortages would be in supplies of meat, and that there would only be a relatively short-term disruption in supplies of grain. These changing assumptions were assimilated into MAF's policy proposals, and the need to maintain, at least in the short-term, maximum levels of production was used by MAF to support its arguments for the extension of the Government's pledges on guaranteed prices and markets. It is clear that the opening of the discussions on the extension of these guarantees, and on future policy, was also intended to solve a more immediately practical purpose, to prevent an escalation in the conflict over the Government's 1943 price settlement.

This chapter has discussed the evolution of MAF and Government thinking on post-war agricultural policy in some detail, to illustrate the changing assumptions that underpinned this policy and the factors which, in turn, influenced the assumptions

themselves. An examination of those wartime policy discussions is important because the assumptions which underlay MAF's October 1943 policy statement were to form the basis of Labour's agricultural policy in the early post-war period, until a deterioration in both the balance of payments and the world food situation forced the Government to drastically rethink its agricultural policy. It is this process which forms the basis of Chapter II.



## (II)

# 'THE AGRICULTURAL POLICY OF THE LABOUR PARTY'

## INTRODUCTION

The preceding chapter chartered the course of the proposals for the post-war reconstruction of British agriculture, a process which culminated in the introduction in February 1945 of a system of annual price reviews to cover the transitional period from war to peace. The aim of this chapter is to discuss the evolution of Labour's agricultural policy between 1918 and 1945, to trace both the evolution of that policy and the various factors which influenced the course of its development. Particular attention will be given to the issue of the nationalization of agricultural land. It will be argued that while Labour's policies after 1945 were largely a continuation or a development of the policies initiated in R. S. Hudson's Wartime Ministry, the latter embodied certain basic principles that had formed a crucial part of Labour's programme in the 1930's, namely the comprehensive national planning of land use and the fixing of stable prices for agricultural produce. This chapter will also trace the origins of the broad wartime consensus that advocated greater state involvement in the running of British agriculture, ideas that had their roots in Labour thinking in the inter-war years.

In the inter-war period the rapid and wholesale nationalization of the land was a key element in Labour's farming programme, but by 1945 the commitment to public

ownership remained intact, but the realization of this policy had become a long-term goal, one it would be necessary to work towards. Although the issue was debated at subsequent party conferences the nationalization of the land was effectively a dead issue after 1945; by the early 1950's Tom Williams and his colleagues were questioning the need for such a policy given the powers available to the Agriculture Minister under the 1947 Agriculture Act.<sup>1</sup> In the 1945 manifesto, Let Us Face The Future, Labour emphasised the sheer scale of the task, which would prohibit the rapid acquisition of land by the state. By 1949, Ministers were emphasising the detrimental effects that a scheme for public ownership would have on the progress of the expansion programme, arguing that their existing powers were sufficient for the time being.<sup>2</sup> In later years the issue of land nationalization was increasingly linked to political considerations, and in particular to Labour's pursuit of the farming vote. Proposals for State ownership of the land were seen as being a 'ball of discord' that would wreck the Party's chances of making electoral gains in the countryside.<sup>3</sup> As a later chapter will show, however, Labour failed in it's attempt to wrest rural England from the grip of the Conservative Party, and Labour also placed a value on the 'agricultural vote' that greatly exaggerated it's true importance.<sup>4</sup>

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1 The 'making' of the 1947 Act will form the basis of Chapter III.

2 See The Labour Party, Report on the 44th Annual Conference, p.133-134 and F.W.S. Craig, British General Election Manifestos 1900-1974 (1975), p.129.

3 Tom Williams, quoted in The Labour Party, Report of the 52nd Annual Conference, p.143.

4 See Chapter VII.

(i)

In 1918 the Labour Party produced its first comprehensive policy statement, Labour and the New Social Order, a document which formed the basis of the majority of the resolutions agreed at the June 1918 Party Conference. Among the resolutions passed at the Conference was one calling for the 'Common Ownership of the Nation's land', and delegates called on the Government to:

'Resume control of the nation's agricultural land .... with a view to the production of the largest possible proportion of the foodstuffs required by the population of these islands under conditions allowing of a good life to the rural population and at a price not exceeding that for which foodstuffs can be bought from other lands'.<sup>5</sup>

The resolution envisaged a combination of Government farms, small holdings, municipal agricultural enterprises, and farms rented out to co-operative societies and other tenants, under directions as to the crops they could grow. It was also argued that the distribution of agricultural produce in urban areas should be taken out of public hands and given over to local authorities and consumer co-operative societies. The Conference also called for improved housing for rural workers, an increase in the provision of smallholdings, and an adequate minimum wage for agricultural workers.

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<sup>5</sup> Quoted in G.D.H. Cole, A History of the Labour Party from 1918 (1948), p.72. The policy statement was largely the work of Sidney Webb, and Webb, together with Arthur Henderson, was also responsible for drawing up the Party's new constitution, and for committing the Party to explicitly Socialist aims. These aims were embodied in Clause IV of the new constitution. (ibid., p.54-56).

The year 1926 saw the publication of Labour's first comprehensive statement of its agricultural policy, Labour's Policy on Agriculture, which was approved by both the Party Conference and the TUC. The statement had been prepared by a committee under the chairmanship of Christopher Addison, which had been assigned the task of working out 'a considered scheme for the development of agriculture on sound lines'.<sup>6</sup> Labour's Policy on Agriculture reaffirmed the Party's commitment to the public ownership of the land, arguing that British agriculture had reached a stage in its development where further progress could only be made through changes in system of land ownership and tenure, as the existing tenancy system was breaking down. There was another reason for the State to acquire the ownership of the land; whatever assistance was given to the industry, under the existing tenancy system it would be impossible to prevent at least a part of it finding its way into the pockets of the landlords.<sup>7</sup>

The need for public ownership, the Committee argued, was too urgent to permit a 'gradual and piecemeal' process of nationalization, and so the agricultural holdings in all rural areas should be transferred into new ownership on the passing of an Act to grant freehold to the State, as soon as arrangements for the payment of compensation could be made.<sup>8</sup> The existing tenancy agreements and conditions would be

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6 See Viscount Addison, How the Labour Party has saved Agriculture (1951), p.4. The invitation to set up the Committee came from Arthur Henderson, on behalf of the NEC, and its members included Tom Williams who was later to become Agriculture Minister in the Attlee government.

7 The Labour Party, Labour's Policy on Agriculture (1926), p.5.

8 ibid., p.6. Owner - Occupiers might be left in temporary ownership of their holdings until the land was required on the grounds of public policy, although the Committee believed that many owner-occupiers would be eager to exchange ownership for tenancy, which would provide them with the capital they needed to run their farms efficiently.

maintained under State ownership until new conditions required changes to be made, and any proposed changes would be discussed in advance by the tenants and the County Agricultural Committees. Under the Ministry of Agriculture Act 1919 the wartime County Agricultural Executive Committees (CAECs) had been reconstituted as permanent agricultural sub-committee's of the County Councils, and from the spring of 1919 had been relieved of their responsibilities for the control of cropping and land use, and for the operation of labour and machinery pools.<sup>9</sup> Under the Agriculture Act 1920 the Committees were made the courts of appeal for farmers seeking possession of a tied cottage, or a landowner wishing to remove a tenant on the grounds of poor husbandry. The Committees themselves were left with little power to enforce efficiency under the 1920 Act; any orders issued by the County Agricultural Committees were made subject to arbitration and would be rendered invalid if they 'injuriously affected any person with an interest in the land, or altered the general character of a holding'.<sup>10</sup> Thus the Committees could not attempt to increase the efficiency of land use against the wishes of the tenant or the owner.

At the 1924 Labour Party conference a resolution had been passed calling on the Government to re-organise the industry through re-constituted County Agricultural Committees representing all branches of the industry.<sup>11</sup> The Committees would have

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9 The evolution of the CAEC system will be discussed more fully in Chapter VI. Under the 1919 Act the Committees were given responsibilities for County Councils' smallholdings, milk hygiene, and the control of weeds, pests, and diseases.

10 E.H. Whetham, The Agrarian History of England & Wales VII, 1914-1939 (1978), p.121.

11 The existing Committees were partly appointed by the County Councils from their agricultural sub-committees and partly by the Board of Agriculture. The Committees did contain farmers and workers' representatives, but the majority of Committee members were representatives of the County Council. The new committees would be constructed on a far more representative basis than their predecessors.

powers to ensure that full use was made of the land for food production, and they would also be responsible for promoting good husbandry and for encouraging increased co-operation between smallholders. The Conference saw the Committees as helping to pave the way for the nationalization of the land.<sup>12</sup> In Labour's Policy on Agriculture it was argued that the County Agricultural Committees should be made more representative of the industry and invested with the power to enforce proper standards of cultivation of land 'on a considerable scale', as they had been empowered to do during the war. However, it was not intended that public farming would entirely supersede tenant farming, 'which will long continue to be the normal method of tenure and cultivation'.<sup>13</sup>

Public ownership, Labour argued, would allow agriculture to function as 'a great public service', and the Party's objective was to secure the fullest possible use of the land by and for the community as a whole by the most effective and economic methods possible. 'Temporary panaceas' such as subsidies and protective duties would not, it was argued, attain this objective.

'The Labour movement believes that all agricultural land should be equipped for its proper use. So long as land remains in private hands the community can do little'.<sup>14</sup>

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12 The Labour Party, Report of the 24th Annual Conference, p.172.

13 Labour's Policy on Agriculture, p.7. In some areas, however, it was envisaged that it might be both possible and advantageous to set up public utility companies in some areas, or to encourage some form of co-operative or collective farming. In some areas cultivation could be undertaken by the public authority itself.

14 ibid., p.8.

A National Agricultural Commission would be established to act as a link between MAF and the County Committees, and the Commission's primary task would be the planning of the orderly development of the industry, and to encourage improvements in the existing standard of husbandry. In the aftermath of the 1926 Conference it was decided that steps should be taken to make Labour's agricultural policy more widely known, through a series of rural conferences, and Noel Buxton, Earl de la Warr, and George Dallas were put in charge of the campaign. Speaking at the 1927 Party Conference George Dallas was keen to stress the long-term importance of Labour's activities in rural areas. Even if the Party was to win every urban constituency, he argued, without the rural constituencies Labour would still be in a minority in the Commons.<sup>15</sup>

The year 1932 saw Labour publish a restatement of its agricultural policy, which amended its 1926 policy proposals in the light of the events of 1929 to 1931. The new proposals were prepared by a special NEC policy committee, and were approved at the 1932 Party Conference.<sup>16</sup> The proposals were published as The Land and the National Planning of Agriculture in November of that year, as part of the Socialism In Action series. The foundation of Labour's policies remained the nationalization of the land, and both land use and agricultural production were to be planned on a nationwide basis to ensure the fullest possible use of the land for food production and for the provision of employment, consistent with sound methods and the needs of the

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15     The Labour Party, Report of the 27th Annual Conference, p.179.

16     The Labour Party, Report of the 32nd Annual Conference.

consumer.<sup>17</sup> The National Agricultural Commission would work through National Commodity Boards which would be charged with promoting the efficient production, processing and marketing of agricultural produce. The Boards would be under the general control of the Commission and would, where necessary, delegate their powers to local Commodity Boards. Labour accepted that there was a 'strong case' for defending farmers against short-term price fluctuations and for the proper planning of imports, and to this end suggested that the National Commodity Boards should be empowered to purchase and/or control the flow of agricultural imports into the UK, and also to control prices in the interests of the consumer.<sup>18</sup> Producers, workers, and consumers would all be represented on the Commission, and both the National and Local Commodity Boards. Farmers' and workers' representatives would sit on the County Agricultural Committees.<sup>19</sup> The central aim of Labour's policy was to increase the standard of life and the status of the agricultural worker, and one way of achieving this would be to give the authority to determine minimum wages to a National Wages Board, with the aim of securing a progressive increase in wages over a period of years. Labour would also introduce a special scheme of unemployment insurance for agricultural workers and would also abolish the 'tied' cottage, while providing an adequate supply of new, untied rural cottages.<sup>20</sup>

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17     The Labour Party, The Land and the National Planning of Agriculture (1932), p.6-7.

18     *ibid.*, p.11.

19     At the 1931 conference Addison had moved a resolution in which, amongst other things, he had called for some form of price stabilization to help arable producers, so as to 'foster the development of a more secure agricultural system'. The resolution had been carried unanimously. The Labour Party, Report of the 31st Annual Conference, p.209.

20     The Land and the National Planning of Agriculture (1932), p.13-16.



Labour's 1932 policy document formed the basis of all the Party's statements on agriculture during the 1930's.<sup>21</sup> Even in 1943, in Our Land : The Future of Britain's Agriculture, Labour referred back to the decisions of the 1932 Conference when it attempted to outline the basic principles of its policy for the industry, although the machinery through which these principles were to become practical policy was somewhat different. Labour still advocated the rapid and large-scale acquisition of agricultural land under a general enabling Act, the necessity for State Control making it 'too urgent to leave it to a very gradual and piecemeal procedure over a long period of years'.<sup>22</sup> Labour would continue to operate the CWAEC system after the war, with provision for NFU and NUAW representatives on the Committees, which would continue to function as MAF's local agents in rural areas. The Ministry of Food was also to continue as a peacetime department, with responsibility for national food supplies as a whole, including the bulk purchase of imports, and for the formulation of a home food production programme. Labour would also create a National Land Commission to hold all the Government's agricultural land and to be responsible to the Agriculture Minister for its administration, equipment, and use.<sup>23</sup> The Party also proposed the setting up of a Rural Development Board, under the general authority of the Minister, to undertake the development of rural social life and amenities, and

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21 See, for example, Tom Williams, Labour's Way to Use the Land (1936) and Viscount Addison, Labour's Policy for the Countryside (1932)

22 The Labour Party, Our Land : The Future of Britain's Agriculture (1943), p.4.

23 ibid., p.5. Labour also expressed its support in Our Land for the conclusions of the Uthwatt and Scott Reports. The latter document had dealt with the loss to the nation arising out of the waste of good agricultural land and the damage done by unregulated industrial enterprise and building. Amongst the proposals made by the Scott Report was that the control of the development and planning of land use should be placed in the hands of an authoritative commission. Cmd 6378 (1942), Report of the Committee on Land Utilization in Rural Areas.

pledged that it would increase agricultural wages to at least the level enjoyed by skilled workers in other industries.<sup>24</sup>

Thus the years after 1926 saw the Labour Party develop its proposals for the development of British farming, ideas that were to gain a growing measure of acceptance amongst agricultural writers and journalists, creating a broad consensus that cut across traditional Party allegiances. Writers in the 1930's and 1940's focused on the condition of the industry in the inter-war years, arguing that British farming should not be allowed to remain in, or return to, such a state of disrepair, and advocated ways in which this could be prevented. Common to virtually all these works was a belief that the traditional landlord and tenant system had broken down and that the State must now assume the role and responsibilities of a landlord. This new role was to be accompanied by a range of other responsibilities, ranging from the implementation of a policy of rural reconstruction to guaranteeing farmers stable prices for their produce, all of which required a considerable degree of State involvement in the planning and running of the industry.

Astor and Rowntree's British Agriculture, published in 1938, advocated the 'cautious and tentative' nationalization of farm land, in the first instance where it was clear that private ownership was incapable of providing the long-term capital improvements that the land needed.<sup>25</sup> The purchase of any such land would be undertaken by land

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24 Our Land (1943), p.8-9.

25 Viscount Astor and B. Seeborn Rowntree, British Agriculture : The Principles of Future Policy. (1939), p.270. Astor had served as Parliamentary Secretary to the Ministry of Food in WW1 and between 1936 and 1937 had served as Chairman of the League of Nations Committee on Nutrition. Seeborn Rowntree was the author of Poverty : A Study of Town Life and How the Labourer Lives, a study of the

improvement commissions funded by the State. Astor and Rowntree argued that the increased production of 'health protective' foods, and in particular of liquid milk, offered British producers the best hope for the future, as the increased production of staple agricultural commodities could not be reconciled with either the national interest or a sound international and commercial policy.<sup>26</sup>

In Mixed Farming and Muddled Thinking, published seven years later, Astor and Rowntree once again advocated specialised farming at the expense of traditional mixed farming, which the NFU saw as the basis of any future policy for the industry.<sup>27</sup> The inter-war period, they argued, had clearly shown the short-comings of mixed farming and they dismissed the farmers' claims that the problem did not lie with the system as a whole. The two authors acknowledged that post-war agriculture would require some degree of price support, but 'the subsidies that are necessary to put mixed farming on it's feet are so astronomic that, apart from any other argument, it is most unlikely that a mainly non-agricultural electorate would continue them, even if it could be persuaded to accept them now under the temporary stress of war'.<sup>28</sup>

The role of the State would be to 'facilitate and expedite the process of natural change that technical and economic influences have already initiated', to shift production towards greater specialisation, with particular emphasis on milk, eggs, vegetables and fruit as part of a policy of improved nutrition. Astor and Rowntree acknowledged that

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conditions of English agricultural labourers.

26 ibid., p.266.

27 Astor and Rowntree, Mixed Farming and Muddled Thinking (1946), p.105-109.

28 ibid., 107.

such a policy would involve a considerable degree of risk for producers, and to this end they argued that the State should 'mitigate where it cannot eliminate the uncertainties of farming', advocating the use of guaranteed prices, consumer subsidies and marketing boards.<sup>29</sup>

In Reconstruction and the Land (1941) Sir Daniel Hall argued that the long-term prosperity of the industry depended on structural changes; British farms, he argued, were generally small uneconomic units, too small to make full use of advances in mechanisation and agricultural science.<sup>30</sup> Private landlords were either unable or unwilling to undertake this process of reconstruction and reconditioning of the land, and so Hall concluded that the government must assume the burden of responsibility. In so doing it should, he continued, assume ownership of the land, which would be administered by the Commissioners of the Crown Lands, although the task of reorganising farms into more viable economic units would be entrusted to a public utility corporation. The corporation would be autonomous in its day to day business, but ultimately responsible to the Treasury. The corporation would lease land from the Commissioners, divide it into units suitable for the application of modern farming techniques and then return it to the Commissioners for renting out.

C.S. Orwin's Speed The Plough, published in 1942, argued that the position of the private landlord had become untenable, and like Hall he argued that the source of British agriculture's 'backwardness' lay in the existing system of land tenure and the

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29 ibid., p.119.

30 A. Daniel Hall, Reconstruction and the Land (1941), p.257. Until 1936 Hall had been MAF's Chief Scientific Advisor.

general layout of British farms.<sup>31</sup> Orwin, again like Hall, believed that the answer was the unified control of land use, and a policy of rural reconstruction under public ownership. The task of transferring ownership from private individuals to the State, and of administering the land subsequently, would be undertaken by a National Lands Commission, functioning as a department of a new Ministry of Lands. Orwin envisaged the State's acquisition of the land as a slow and gradual process. Any landowners unwilling to sell their land would, under the Government's Land Purchase Act, be required to produce evidence of expenditure on the maintenance of their holding equal to an agreed percentage of the rent accruing from the property.<sup>32</sup> The day to day administration of this national land policy would include the re-organisation of farming units, the selection of tenants, and the provision of new capital equipment, and would be entrusted to professional land agents, each in charge of an area of between 30,000 and 50,000 acres and supported by teams of district agents.

In A Programme for Agriculture, a collection of essays which originally appeared in The Field between October 1940 and February 1941, a number of agricultural experts including Sir Daniel Hall and Lord Addison, the former Labour Agriculture Minister, put forward their views on the principles of any future policy for the industry. Hall's contribution attacked inter-war policies for putting money in farmers' pockets whilst failing to put the industry as a whole onto a footing where it could deal with 'the new

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31 C.S. Orwin Speed the Plough (1942), p.25-39. Orwin had been the editor of the Royal Agricultural Society's Journal and was the director of the Agricultural Economics Research Institute in Oxford.

32 Orwin envisaged the acquisition of all land by the State and not just agricultural land, to prevent unchecked urban expansion. ibid., p.79-99.

conditions of a changing world'.<sup>33</sup> However, subsidies often accounted for the whole of a farmer's income, with milk producers providing the only exception to the rule. Hall and Addison both agreed that the problem was the system within which farmers worked and not the farmers themselves. Under Hall's system the best farmers would be employed to run the new farming units, some would be given subordinate positions, while others would be pensioned off. Hall also argued for the introduction of some form of price regulation.<sup>34</sup>

Addison's essay was based on his A Policy for British Agriculture, which had been published in 1938 and in which he expanded upon and discussed Labour's plans for the industry.<sup>35</sup> Addison advocated the creation of a National Land Commission under the general authority of MAF and assigned the task of organising the purchase of the land, its development and re-equipment, and the provision of short-term credits to tenants. The Commission would in turn be served by County Committees consisting of producers, farmworkers and estate managers, who would act as the Minister's local agents. The County Committees would be concerned with the provision and maintenance of a proper standard of capital equipment, advice on the letting of farms, and the consideration of proposals to amalgamate small farms.<sup>36</sup> However, nationalisation was only one stage in the construction of a sound industry,

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33 B. Vesey - Fitzgerald (ed.), A Programme for Agriculture (1941), p.143.

34 ibid. 150.

35 Viscount Addison, A Policy for British Agriculture (1939). Addison had been Labour's Agriculture Minister between 1930 and 1931 and was leader of the Lords between 1945-51. Tom Williams acknowledged his debt to his colleague in Digging for Britain (1965), p.116. See also K.O. and J. Morgan, Portrait of a Progressive : the Career of Christopher, Viscount Addison (1980) and K.O. Morgan, Labour People (1987).

36 Vesey - Fitzgerald (ed.), op.cit., p.55.

and Addison believed that price stability would be a vital part of any sound future policy. Changes in the distribution and marketing of agricultural produce were also a vital part of any policy of stability. Producer marketing boards would be given powers to control the sale of agricultural produce, although they would have no say over distribution or retail prices, and would not have the final say over commodity prices. Import boards would work in conjunction with the corresponding home-producer board, controlling imports to ensure a stable price for the home-produced commodity. The ultimate aim of this policy of price stabilisation was to secure the fullest possible use of the land. Addison was also aware of nutritional issues, arguing the industry's two lines of development should be the increased production of health protective foods and an increase in the output of animal feedstuffs.<sup>37</sup>

A.G. Street, who was later to become an often vitriolic critic of Labour policy, also argued that the landlord-tenant system was breaking down and that only some form of national ownership could help remedy the 'shameful' condition the industry found itself in.<sup>38</sup> Street argued for the setting up of a 'Ministry of Land Utilization' which would delegate the functions of landlords to county committees, who would in turn control all forms of land use. The committees would, for example, ensure the fertility of the soil was maintained by enforcing proper systems of crop rotation.<sup>39</sup> Although Street admitted that large-scale farming enterprises were successful he also believed

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37 Addison's views on this subject are more fully expressed in A Policy for Agriculture, p.193-209.

38 Street was a popular writer and broadcaster on farming subjects whose books included Farmers' Glory (1934). His book Hitler's Whistle (1943) gives a first hand account of farming in wartime. Street was also a member of the BBC's 'Brain's Trust' and after the war he became a regular contributor to The Farmers' Weekly.

39 Vesey - Fitzgerald (ed.), op. cit., p.133-135.

that rural Britain's most valuable asset was the farmers themselves, and that 'this industrial nation cannot thrive without that background of sturdy individualism and natural faith which small-scale farming produces'.<sup>40</sup> Street clearly envisaged little fundamental change in the structure of the industry under public ownership.

In 1946 the Fabian Society, under the editorship of F.W. Bateson, published a volume of essays which attempted to argue the case for a Socialist agriculture on technical rather than political or social grounds. This was in response to comments by Sir Daniel Hall in Reconstruction and the Land that Labour's policies were not sufficiently appreciative of the technical points at issue, of the land and of farming itself as distinct from their social repercussions'.<sup>41</sup> Towards a Socialist Agriculture considered British agriculture's place within the world economy, the produce that British farmers should concentrate on producing, the appropriate size(s) of individual farm units, and the mechanisms needed to ensure that development proceeded in the right lines. Bateson et al concluded that the long-term objective of any policy should be to increase the output of milk, vegetables, eggs and fruit, restore meat production to its pre-war level, and to reduce cereal production from its high wartime level.<sup>42</sup> This programme, it was argued, would not require any drastic alteration in the size of British farms if specialisation within individual units was combined with greater co-operation between producers. Bateson et al did suggest, however, that the

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40 ibid., p.138.

41 F.W. Bateson (ed.), Towards A Socialist Agriculture : Studies by A Group of Fabians (1946). Hall is quoted in an introductory note by Bateson, P.VIII. Bateson was himself the statistical officer for Buckinghamshire CWAEC.

42 ibid., p.168.



Government should take possession of the holdings of 'C' landlords,<sup>43</sup> reorganise them into units of between 150 and 400 acres each, re-equip them and let them to suitable tenants.

The necessary changes could also be brought about, at least in part, by economic pressure; for example by guaranteed prices which bore no relation to consumer prices and also by continuing the wartime powers of the County Executive Committees. Whilst acknowledging that wholesale nationalisation might be the most effective course of action, Bateson and his colleagues recognised the opposition that such a policy would provoke amongst producers, and doubted that the electorate as a whole would see the need for such a course of action as long as landlords who misused their land were dispossessed.

'If [private ownership under public control] will work as well - or very nearly as well - as [full public ownership], it will be difficult to persuade the electorate that anything can be gained by taking the more drastic step of nationalisation. In English politics the pragmatic sanction is normally decisive'.<sup>44</sup>

This last sentence could stand as a description of Labour's approach to agricultural policy issues after 1945.

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43     ibid., p.177.

44     ibid., p.174.

Towards a Socialist Agriculture did, however, envisage a time when private ownership would 'pass naturally into total inanition', and land ownership would be transferred to the State to be administered by the CAEC's.<sup>45</sup> The proposals made by Bateson et al contained many of the arguments against the wholesale nationalisation of the land that the Labour government was to use to explain and justify its move away from its original position on the question of land ownership. Labour's agricultural policy, as expressed in the 1945 manifesto,<sup>46</sup> with its emphasis on the need for the greater control and planning of the industry, and on nationalisation as a long-term objective, formed part of a broad consensus on the future of the industry, one which encompassed a wide range of approaches and perspectives but which rested on a number of common principles. In turn, Labour's advocacy of national ownership and control from the mid 1920's clearly played an important part in creating this consensus.

By 1945 even the NFU had accepted the need for the continuation of the wartime powers of the CAEC's and the Ministry of Food as a corollary of the continuation of the wartime system of price guarantees, a view taken by a number of other agricultural organisations.<sup>47</sup> The Conservative manifesto pledged that producers would have guaranteed prices and markets and in return would be expected to maintain a good standard of husbandry. Wartime controls and directions would be continued for as long as the food situation required it, although thereafter they would be progressively

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45     ibid., p.174.

46     See F.W.S. Craig (ed.), British Election Manifestos 1900-74 (1975), p.128.

47     See the NFU, The Basis of Economic Security (1945).

reduced, until the role of the CAECs was simply that of offering 'leadership, help and advice'.<sup>48</sup> Whatever their views on wartime controls, and leaving aside any economic or financial aspects, no party could sensibly contemplate allowing agriculture to slide back into its depressed inter-war condition after so much promise had been heaped on the industry's war effort, and after so many promises had been made as to what would happen after the war.<sup>49</sup>

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48 F.W.S. Craig, op. cit., p.116-117.

49 See, for example, The Farmer and Stockbreeder March 30th, 1943 and August 10th, 1945.

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Labour's 1945 Manifesto, Let Us Face the Future, reaffirmed the Party's commitment to land nationalisation but 'no immediate promise was made to achieve it'.<sup>50</sup> Instead, land would be purchased by the Government as or when it was required, in other words in just the 'gradual and piecemeal' fashion that had been rejected in Our Land. In contrast to Labour's earlier policy statements the 1945 manifesto stressed the practical problems a wholesale nationalisation programme would pose for a Labour Government.<sup>51</sup> Only the grossly inefficient landlord or farmer faced the prospect of having his land compulsorily purchased by the State in the short-term. Labour remained committed to the continuation of the CAEC system and the Ministry of Food in peacetime, however, and so if nationalisation was not a part of Labour's first five-year programme, then the Party was at least still committed to the control of the land in the national interest. In the words of the 1945 manifesto:

'Our agriculture should be planned to give us the food we can best produce at home and large enough to give us as much of these foods as possible'.<sup>52</sup>

Our Land had been prepared by the Land and Agricultural Reorganisation Sub-Committee of the NEC's Policy Committee, and was formally adopted at the 1944

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50 See G.D.H. Cole, op. cit., p.425 and Craig, op. cit., p.126.

51 See also The Labour Party, Report of the 44th Annual Conference, p.89-92.

52 Craig, op.cit., p.128.

Conference.<sup>53</sup> Our Land had itself grown out of an earlier policy document, The Old World and the New Society, which had been endorsed, although not debated, at the 1942 Conference.<sup>54</sup> The latter was a broad statement of Labour Party aims, advocating planned production for full employment, and arguing that this would entail national ownership of the 'essential instruments of production'. There would also have to be the 'organised import of staple commodities and their orderly marketing'.<sup>55</sup> In the resolution moved by George Dallas at the 1942 Conference the NEC called for the public ownership of the land, the development of a national food and agriculture plan, and the unification of MAF and the Ministry of Food into one department. The national plan, it was argued, should be designed to achieve an adequate and varied diet for the population as a whole, with a large contribution from British farmers and a high standard of living for all those engaged in food production. Prices would be controlled to ensure fair prices for consumers and a fair return to producers.<sup>56</sup>

Our Land echoed these earlier calls for the acquisition of all agricultural land by the State, and in addition to approving these proposals the 1944 Party Conference also passed a resolution calling for the transfer into public ownership of the land, large-scale building, heavy industry, and all forms of banking, transport and fuel and power.<sup>57</sup> In Full Employment and Financial Policy, the NEC had reaffirmed the

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53 The Labour Party, Report of the 43rd Annual Conference, p.179-182. The Sub-Committee was chaired by George Dallas.

54 The Labour Party, Report of the 41st Annual Conference, p.23.

55 Quoted in Cole, op.cit., p.416.

56 The Labour Party, Report of the 41st Annual Conference, p.120. See also Cole, op.cit., p.414. The Old World and the New Society had been drawn up by the Central Committee on Post-War Reconstruction problems, under the chairmanship of Shinwell.

57 The Labour Party, Report of the 43rd Annual Conference, p.163-168.

principle of public ownership, and had advocated Government control of the Bank of England, but had not made any other specific commitments. However, a large number of Conference delegates were unhappy with what they regarded as the NEC's 'caution' on this issue, and so the resolution listing specific targets for the Party's nationalization programme was put to and agreed by Conference. A number of delegates at the following year's Conference were equally critical of what they saw as the inadequacy of Labour's policy on the land, as presented in Let Us Face the Future, although this section of the manifesto was eventually approved by the Conference as a whole.<sup>58</sup>

Delegates were quick to point out the extent to which Our Land and the Manifesto were at odds with each other, arguing that the latter 'smacked too much of the "This Year, next year, sometime never"'.<sup>59</sup> In reply to these criticisms Herbert Morrison, the chairman of the NEC Policy Committee, told delegates that the programme outlined in the manifesto was intended to be one that would be realisable in the first five years of a Labour Government's life, and he stressed, echoing a point made by Stafford Cripps, that Labour would have to work very hard to fully implement all its election pledges.<sup>60</sup> Morrison went on to give three reasons why it was proposed that the Party would not proceed with a policy of wholesale land nationalisation, although he was keen to emphasize that it remained a desirable long-term aim, one that would

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58     The Labour Party, Report of the 43rd Annual Conference, p.163-168. See also Donoughue and Jones, Herbert Morrison : Portrait of a Politician (1973) p.330.

59     The Labour Party, Report of the 44th Annual Conference, p.94 and p.142.

60     ibid., p.133.

be achieved 'in time'.<sup>61</sup> Firstly, Morrison emphasized the immense administrative and legislative task involved in implementing such a policy. Secondly he stressed the large financial considerations that would be involved, and that financial issues had to be considered in some order of priority. In finance, he continued, 'first things must come first', and in his speech on 'The Land' Morrison referred to the important financial considerations involved in other sections of the manifesto, 'Jobs for All' and 'Industry in the service of the Nation', and in the provision of education and social services, the implication being that these considerations had priority over the public ownership of the land.<sup>62</sup>

Finally, Morrison argued that the most important thing was that a Labour Government could obtain land for specific purposes in relation to its programme and Let Us Face the Future, he continued, contained everything Labour needed in this respect during its first five years in office. Inefficient landlords would be relieved of their holdings at a fair valuation, but where a landowner or owner-occupier was farming efficiently the NEC felt that there was 'no urgency' in taking the land into public ownership.<sup>63</sup> The election manifesto, Morrison emphasised, was a 'programme of action', and as such was intended to be a 'realistic' document. It was, he opined:

'no good being shaped by abstract principles, ultimate principles, slogans or desirable things, it has got to be examined realistically in

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61 ibid., p.133.

62 'We stand for it in the Party Programme; we affirm its desirability, and in time we will do it' (my italics) ibid., p.133.

63 ibid., p.133-134.

relation to the probable and practicable work of a Labour Government with a Labour majority over five years'.<sup>64</sup>

This was the approach that the NEC had adopted in drawing up the agriculture section of Let Us Face the Future.<sup>65</sup>

The treatment of land nationalization in the 1945 manifesto reflected the 'triumph' of practicalities over ideology in Labour's agricultural policy, although the issue was to be raised again at subsequent Party Conferences. As later chapters will show, however, after 1945 the practical arguments against wholesale nationalization gained in strength, and these, together with the unrelenting opposition of the NFU, sounded the death knell for the nationalization of the land by a Labour Government. As this and later chapters will show, however, this tension remained unresolved and emerged in Labour's agricultural policy discussions throughout the post-war years.

As was mentioned above, by the mid 1920's Labour had begun to recognise that if it remained a solely urban party it could only hope to form a minority Government, and with this in mind a rural campaign was launched in an attempt to increase public awareness of Labour's agricultural policy.<sup>66</sup> At the 1931 Party Conference, however, EG Gooch expressed the National Union of Agricultural Workers' (NUAW) doubts

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64 ibid., p.134.

65 ibid., p.134. Morrison argued that there would have to be more town and country planning legislation and that this legislation, while not taking the land into public ownership, would give the community a greater say in the ways in which land was used. The Town and Country Planning Act 1947 granted local planning authorities greater control over the uses to which land was put.

66 The Labour Party, Report of the 27th Annual Conference, p.179.



at the extent of Labour's progress in rural areas.<sup>67</sup> Labour, he argued, had 'attempted something for the farmers, but the picture is not so bright when you come to talk of the agricultural workers'. Christopher Addison had earlier moved a resolution calling on the Party to make full use of Labour's legislation, together with import boards and co-operative marketing, to secure an adequate standard of life for all workers in the industry. This would involve some form of price stabilization to help arable producers, and the conditions of the farm worker would be improved by the provision of unemployment insurance, a national wages board, and the abolition of the tied cottage.<sup>68</sup>

In reply Gooch, while acknowledging the pledges to improve the farmworkers' lot, stressed that unless Labour had something 'real and concrete' to present to the agricultural workers, Labour would not secure a majority in the Commons. In Gooch's view the most important issue was the tied cottage and he urged the Party, in the run-up to the General Election, to express 'a determination of heart and mind' to put its promises into practice once in office.<sup>69</sup> Gooch had made a similar point at the 1930 Party Conference, arguing that the NFU was almost wholly opposed to Labour's agricultural policy. The farmers, he continued, only wanted 'full-blooded protection', and Gooch had urged the Party to ignore farmers' criticisms and to press on with its stated policy.<sup>70</sup>

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67 The Labour Party, Report of the 31st Annual Conference, p.211-12.

68 ibid., p.209-211.

69 ibid., p.212.

70 The Labour Party, Report of the 30th Annual Conference, p.211.

The 1933 Party Conference saw Gooch move a resolution calling for all future agricultural legislation to contain provisions designed to ensure that a definite share of the benefits accruing from that legislation would be passed on to the agricultural workers. Both Addison and Tom Williams lent their support to Gooch's resolution, and once again Labour's electoral prospects were linked to improvements in the agricultural workers' standard of living. Labour, Gooch argued, must remain the workers' party, and should not be afraid of offending the farmers.

'Whatever we say to the farmers, and we put before them a lovely policy, a most helpful policy, they will not listen to us, and when the General Election comes round there will not be one farmer in a hundred who will vote Labour'.<sup>71</sup>

The improvements, albeit 'artificial ones', in the farmers' position under the National Government's policy of duties and tariffs had not been accompanied by any improvement in the agricultural workers' lot, while benefits had filtered upwards to the landlords. There had, Gooch continued, in fact been increasing pressure on the economic and financial position of workers in the industry. Tom Williams made the links between Labour's campaign in the rural areas and its potential political impact explicit : 'There are at this moment in the House of Commons ... about 135 landowners. If we could win 135 rural seats the Socialism you have been talking about would become a possibility.'<sup>72</sup>

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71     The Labour Party, Report of the 33rd Annual Conference, p.212.

72     ibid., p.213.

This point was reiterated by Addison, who argued that while state action would stabilize or increase the prosperity of the industry as a whole, an essential part of this action should be the guaranteeing of a decent standard of life for the agricultural worker. This guarantee, he continued, had to form an 'organic part of any national plan for British agriculture'.<sup>73</sup> Labour's commitment to the agricultural worker as having 'first call' on the Party's attentions was reaffirmed at the 1937 Party Conference, in a resolution which also called for the public ownership of the land to ensure that it was farmed in the interests of the nation as a whole, rather than simply in the interests of the landowners and the farmers.<sup>74</sup> A number of speakers once again emphasized the political importance of the 'agricultural vote', which meant effectively the farmworkers' vote, to the Party's electoral hopes. There were, however, signs of a change, or at least the beginnings of a change, in Labour's attitude towards the farmers, and to the Party's potential appeal to this section of the agricultural community.

Addison, the chairman of Labour's Rural Campaigns Committee, told delegates that farmers were beginning to come to Labour Party meetings, and that they were beginning to believe that there was 'something in' Labour's policy for their industry.<sup>75</sup> George Dallas, a member of the NEC, even went so far as to suggest that both farmworkers and farmers had suffered under the Conservatives. The Conservative Party was, he argued:

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73 ibid., p.214.

74 The Labour Party, Report of the 37th Annual Conference, p175. The resolution was moved by the NUAW President EG Gooch, on behalf of the Union, and was supported by both Christopher Addison and George Dallas, who spoke on behalf of the NEC.

75 ibid., p.177.

'A landlord's party and their first principle is to safeguard the interest of the landowner and not the interest of the farmer or the farm worker'.<sup>76</sup>

Chamberlain's 'Kettering speech' in July 1938 gave a further boost to Labour's belief that it could secure the farmers' vote. In a speech to an audience of farmers the Prime Minister had declared that as Britain would not face the threat of starvation in time of war, there was no need to encourage increased production at home.<sup>77</sup> In the words of one speaker at the 1939 Conference, since the Prime Minister's speech:

'Farmers have been at a loose end. Many of them have been really detached from the Conservative Party for the first time, and we have this large body of detached opinion looking round for help'.<sup>78</sup>

Labour, it was argued, had a right to the farmers' vote, as they were the only Party with a 'suitable and solid' programme for agriculture. Even E.G. Gooch, who at previous Party Conferences had told the Party to abandon any hopes it had of converting the farmers, saw the possibility of the Party gaining their support if it

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76 ibid., p.179.

77 See E.H. Whetham, op.cit., p.328. The farmers received Chamberlain's speech in much the same way as they had received the repeal of the Corn Production Act, the Agriculture Act 1937 having raised hopes of the introduction of a more comprehensive agricultural policy to put the industry onto a wartime footing. Chamberlain stated that increased domestic production would reduce the purchasing power of the major agricultural exporters thus reducing British exports, and the resulting industrial unemployment would adversely effect British farmers' markets for their produce.

78 The Labour Party, Report of the 38th Annual Conference, p.316.

continued to campaign actively in rural areas. Labour's message, he opined, should be that the Party would provide a future for both the farmworker and the farmer.<sup>79</sup>

Labour regarded its inter-war rural campaigning as having been a success, one measure of the achievement being an increase in NUAW membership amongst agricultural workers. In Labour's Policy on Agriculture, published in 1926, the Party had stressed that the key to any improvement in the position of farmworkers lay in better organisation, and Labour's rural campaign had aimed to encourage both Party and trade union membership. To quote from Labour's Policy on Agriculture;

'The position of farmworkers cannot be improved effectively until they are organised and assisted to exercise their full influence on local government in rural areas'.<sup>80</sup>

Between 1919 and 1924 NUAW membership declined from 126,911 to 28,916, although by 1939 membership had increased to 50,000. The war years saw the greatest expansion in NUAW numbers, from 53,709 in 1940 to 128,678 by 1945.<sup>81</sup> The success of this first campaign prompted Labour to launch a fresh campaign immediately after the end of the war. In the autumn of 1945 the NEC set up the Rural Areas Advisory Committee, which was to deal with 'methods of propaganda and persuasion in rural areas', under the chairmanship of P.T. Hardy and with E.G. Gooch,

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79 ibid., p.317.

80 The Labour Party, Labour's Policy on Agriculture, p.11.

81 These figures are taken from Reg Groves, Sharpen the Sickle (1949), p.245.

a member of the NEC as well as President of the NUAW, as one of its members.<sup>82</sup>

NUAW membership continued to grow in the immediate post-war period and at its peak stood at 160,000, although by 1959 this figure had declined to 147, 938, roughly 30% of the total agricultural labour force.<sup>83</sup>

The NUAW's relationship with Labour will be examined in more detail in Chapter VIII, but one factor which may have prevented further increases in NUAW membership was the Union's failure to make any real headway on key issues such as wages and the 'tied' cottage. What emerges from a study of the NUAW's house journal, The Landworker, is the Union's mounting frustration at Labour's agricultural policies. In the July 1945 issue of the Journal the Union's Executive Committee urged its members to 'Work and Vote for Labour', telling them that:

'Labour has the one practical solution to the rural problem, its programme going right down to the roots of the question'.<sup>84</sup>

By the end of the year, however, The Landworker was voicing the Union's disappointment at Labour's policy as it had been outlined in Tom Williams December 1945 speech to the Commons. The Union was especially critical of the lack of any specific references to the abolition of the 'tied' cottage or wages parity between

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82 NEC Minutes, EC.5 (1945/46), 26th September 1945. See also A. Flynn, *op.cit.*, p.220 and The Labour Party, Report of the 38th Annual Conference, p.315-20.

83 Figures are taken from Self and Storing, *op.cit.*, p.159.

84 The Landworker, July 1945.

agricultural and industrial workers as policy objectives.<sup>85</sup> Perhaps the most contentious issue between Labour and the NUAW in the post-war period was the question of tied cottages, the Government's policy on this subject prompting the Union to ask 'Is this what we fought for?'.<sup>86</sup> The Union's support for land nationalisation and for the Lucas Report on agricultural marketing also found little sympathy within the Government, although the NUAW's stance on the former was to change somewhat after 1945.<sup>87</sup> The Union complained that they had expected Labour Ministers to behave differently from Conservative Ministers, and in February 1946 the NUAW's Executive Committee passed a resolution expressing their deep concern at the 'failure of the Labour Government and the Minister of Agriculture to implement the Labour policy of improving the standards of workers on the land'.<sup>88</sup> The NUAW were also very critical of what they regarded as the Government's over-generous treatment of the farmers at the annual price review, and also accused Labour of failing to stand up to the NFU on issues such as the reform of agricultural marketing.<sup>89</sup>

The agricultural workers languished in the shadow of the NFU in the years after 1945. As Self and Storing argue, the NUAW could only hope to achieve its stated objectives under a Labour Government but Labour, certain of the agricultural workers' political support, had less incentive to give these objectives priority once in office, particularly in the light of Labour's emphasis on the importance of the farmers' practical, and later

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85 The Landworker, December 1945.

86 The Landworker, September 1946.

87 Agricultural marketing will be discussed in Chapter V.

88 The Landworker, March 1946.

89 See Chapter VIII.

their political support.<sup>90</sup> The demands of the wartime production effort brought the farmers, in the shape of the NFU, into an increasingly close relationship with central Government; regular consultations between the NFU and MAF had begun in 1939, and the evolution of this process reached its apotheosis in the annual price review system, which was to form the basis of Labour's post-war agricultural policy. The NFU came to be regarded as the farmers' 'mouthpiece' in their dealings with central Government, and the expansion of the NFU's role in the policy making process was accompanied by the largest increase in Union membership since its foundation, from 125,000 in 1939 to 210,000 in 1953, although membership did fall after 1953, a period of more troubled times for the NFU in its relationship with Whitehall.<sup>91</sup> Neither the NUAW or the County Landowners Association (CLA) enjoyed such a close relationship with the Government, neither occupying as important an economic role within the industry as the NFU, or later as potentially as important a political role. The NFU also had the advantage of representing the majority of British farmers.

The war also brought with it changes in the NFU itself. In the inter-war period the union had enjoyed a somewhat uneasy relationship with the Conservative Party. The NFU hierarchy professed political neutrality, justifying their endorsement of Conservative candidates on the grounds that there was no other way for the Union to gain a voice in Parliament. Many county branches, however, allied themselves more openly to the Conservative cause. The war years saw the Union finally move away from the stance it had adopted at the time of its foundation in 1908, that 'It is not the

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90 Self and Storing, The State and the Farmer (1962), p.207.

91 Figures quoted are from Self and Storing, op.cit., p.40. The NFU's relationship with the Conservatives will be discussed in Chapter VII.



farmers' business to tell the nation what our agricultural policy should be'.<sup>92</sup> The NFU's attempt to secure the industry a direct voice in Parliament had failed but the war gave the Union a privileged consultative position within Whitehall, and the expansion in its membership allowed the Union to expand its professional staff. This new found role also resulted in a change in the NFU's political strategy. The Union remained strictly impartial during the 1945 and subsequent elections, maintaining that agriculture had to be kept out of party politics and that the Union would as far as possible work with the Government of the day.<sup>93</sup> The success with which the price review machinery had operated during the war, and Labour's commitment to planned production, assured the continuation of the industry's guarantees in peacetime, and the NFU's role in the post-war policy process. The importance of agriculture to the British economy after 1945 added to the Union's sense of security and gave the NFU considerable power in its dealings with Labour, as will be shown in later chapters.

Subsequent chapters will show that the agricultural policy Labour pursued between 1945 and 1951 was shaped largely by economic considerations, and within this by the need to retain the confidence and active support of the industry for the Government's expansion programme. The importance of agricultural expansion to Britain's post-war economic recovery was used by MAF to counter Treasury arguments for cuts in Government expenditure on agriculture, and to justify the Government's weakening commitment to land nationalisation. Increasingly, however, Labour policy also came to be influenced by the belief that the Party could make inroads into the formerly

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92     The National Farmers' Union, Yearbook (1926), p.99.

93     See Chapter VII.

staunchly Conservative countryside. However, later chapters will show that this belief proved to be a chimera, and that the farmers' obvious respect for Tom Williams and their support, often qualified, for Labour policy was not translated into political support. It will also be argued that both Labour and the Conservatives greatly exaggerated the importance of the agricultural vote.<sup>94</sup>

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94 See Chapter VII.

(iii)

As was shown in Section (ii) in the early 1930's the Labour Party advocated the national planning of land use and the fixing of stable prices as a solution to the agricultural industry's ills. The years after the publication of The Land and the National Planning of Agriculture saw the Party's agricultural policy gain a growing measure of acceptance and agreement amongst agricultural experts, and the growth of a broad consensus on the 'way forward' for the industry.<sup>95</sup> The war years had seen these two principles put into very successful operation, and the state of the industry in 1945, as compared with the inter-war period, highlighted the benefits of planned agricultural production.

Although by 1945 the Party's commitment to outright nationalisation had diminished somewhat, the 1945 manifesto still committed Labour to the control and planning of the land and land use in the national interest. Agriculture had formed an important part of wartime economic planning and in Let Us Face the Future Labour argued for the continuation of planning and controls, including the control of 'rents and prices of the necessities of life',<sup>96</sup> to ensure fair shares for all and to prevent profiteering. In contrast to both the Conservatives and the Liberals, Labour argued that such controls would be necessary in the long-term, as an 'instrument of economic management'. Unless the Government undertook a greater role in the management of the economy

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95 See the Introduction.

96 Craig, op.cit, p.98.

slumps would be 'too severe to be balanced by public action'. The Labour Party, the manifesto argued, stood for:

'Order as against the chaos which would follow the end of all public control..... The chaos of do-as-they-please anarchy'.<sup>97</sup>

Whatever their view of economic planning, for political reasons no party could contemplate allowing the industry to lapse back into its pre-war condition, or advocating a return to the sort of policies pursued in the inter-war period. Too much praise had been heaped on the industry's war effort, and too many pledges made guaranteeing the future security of British farmers to admit the possibility of such a course of action. For example, in March 1943 Lord Woolton had told farmers in a radio broadcast that 'We shall not forget when the struggle is over. Your part, in peacetime, of maintaining our people in health will be no less important than your part in the war'.<sup>98</sup> In a speech made in April of the same year, Tom Williams, then R.S. Hudson's Parliamentary Secretary, took up this theme.

'We must not, after the war, forget the farmers' contribution and go back to the idea of buying our food ..... whenever it is cheap and allow our industry to languish. We must make use of our own soil, providing stability for producers along with efficiency and a reasonable wage for workers'.<sup>99</sup>

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97 ibid., p.99 and 98.

98 The Farmer & Stockbreeder, 30th March 1943.

99 The Farmer & Stockbreeder, 10th August 1943.

In A Background For Agriculture, published in June 1945, the Conservative Party argued that wartime controls would have to remain in operation in the immediate post-war period, although thereafter they would be gradually replaced by a looser and more flexible system. Producers would be offered stable prices with efficient service to the nation the corollary of this guarantee. Efficient production would be secured through the continuation of the CAECs in peacetime, albeit on a more representative basis. A Background For Agriculture acknowledged that for a variety of reasons, economic, social, and political, there could be no return to the inter-war view of British agriculture.

'It is idle to suppose that, with the return of peace ..... there can ever again to be a complete return to the nineteenth century conception which regarded England exclusively as a workshop, and the Dominions exclusively as a farm'.<sup>100</sup>

The Conservative Party, the Report argued, would be prepared to consider, on its merits, an extension of the principle of public ownership 'if nationalisers could prove that their panacea was indispensable to efficiency,' although they had as yet been unable to do this.<sup>101</sup> Under the Conservatives the industry could look forward to a return to greater freedom, 'though not, let us hope, the old anarchy'.<sup>102</sup> The Liberal Party's 1945 manifesto included pledges to maintain stable prices and assured markets

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100 The Conservative Party, A Background For Agriculture (1945), p.3-4.

101 ibid., p.11.

102 ibid., p.9. Conservative Party policy will be discussed in more detail in Chapter VII.

for home producers, with the continuation of the Ministry of Food and the CAECs, although the Party remained committed to the principle of free trade.

The NFU naturally emphasised the importance of stability for the industry in the post-war period, and to this end advocated the continued use of the existing wartime price-fixing machinery. In return for guaranteed prices and assured markets the industry was prepared to accept its responsibility for promoting efficiency amongst producers. The NFU were prepared to agree to the continuation of the CAEC system in peacetime and to the continuation of the wartime powers, in some form, of the Ministry of Food. The NFU were, however, opposed to the nationalisation of the land.<sup>103</sup> The success of Labour's agricultural policies after 1945 rested on the active support of the NFU, farmers forming the most important section of the industry in economic terms. Had Labour attempted to introduce land nationalisation the Government would have lost this support at a time when agriculture was being called on to make a vital contribution to Britain's economic recovery. Such a course of action would also have forced the NFU to ally themselves with the Conservatives against Labour, thereby ending the latter's hopes of making political gains in the countryside.

While the scale and the character of agricultural production after 1945 was determined by world food shortages and by Britain's financial and economic problems, the framework within which this policy developed owed a great deal to the wartime experiences of the industry, and to the role the industry was seen to have played in

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103 See the NFU, The Basis of Economic Security (1945) and the report on the RASE conference in The Farmer and Stockbreeder, 9th May 1944.

the war effort. Labour's agricultural policy was essentially a continuation of wartime policies, albeit in somewhat adapted forms; in Tom Williams' view wartime methods of guaranteeing stability and efficient production had 'worked well and proved flexible in operation'. He also believed that the wartime guarantees were the best way of giving effect to a 'positive and progressive' food and agriculture policy.<sup>104</sup> In turn the policies pursued during the war had themselves embodied the principles at the heart of Labour's inter-war agricultural policies, the guaranteeing of stable prices and the control of land use, and had shown the effectiveness of these proposals.

Agriculture was mentioned briefly in the Kings Speech in August 1945. Under Labour home production of good food was to be developed to the 'fullest possible extent' through the continuation of wartime policies, adjusted where necessary to suit peacetime conditions.<sup>105</sup> Labour soon found themselves under increasing pressure to expand on these initial statements, from within Parliament and the industry itself. At the end of October 1945 Williams, J. Westwood, and Chuter Ede submitted a memorandum to the Lord President's Committee in which they sought Ministerial authority for a statement in the Commons on the Party's 'broad intentions' towards the industry, and for talks with representatives of all branches of the industry.<sup>106</sup> The memorandum declared that the first essential of any policy was stability, and this was to be provided by the continuation of the system of market and price guarantees and the annual price review procedure. As a corollary to the promise of economic stability

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104 LP(45)216, 29th October 1945, 'Agricultural Policy', memorandum by the Minister of Agriculture, Secretary of State for Scotland and the Secretary of State for the Home Department, in PRO CAB 71/22.

105 H. of C. Deb., (5th Series), Vol. 413, Col. 56.

106 LP(45)216, 29th October 1945, in PRO CAB 71/22. LP(45) 40th, 1st November 1945, in PRO CAB 71/19.

the memorandum argued that the Government should take steps to ensure that land was efficiently farmed and managed, and to promote greater efficiency.

Powers would be sought to allow the Government to exercise the necessary control over farmers and landowners, including powers of supervision and, if necessary, of dispossession. A CAEC - like system was to be established to aid the Minister in the execution of these powers and an Agricultural Land Commission was to be created to manage any land acquired by the Government. The overall aim of Government policy, Ministers argued, should be the promotion of a 'healthy and efficient' industry capable of producing the food which the nation required from home sources, and of providing adequate remuneration and decent living conditions for farmers and workers, and a reasonable return on capital invested. The memorandum, and the draft statement attached to it were approved by the Lord President's Committee at the beginning of November, and by the Cabinet on November 13th.<sup>107</sup> Two days later Tom Williams made the long-awaited announcement in the Commons, leaving the way open for discussions with the industry on the future of British farming.

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<sup>107</sup> CM(45)52, November 13th 1945, in PRO CAB 128/2. LP(45)216 was submitted to the Cabinet as CP(45)273, 8th November 1945, in PRO CAB 129/4.



### (III)

## 'THE DEVELOPMENT OF POLICY, 1945-47'

### INTRODUCTION

British agriculture emerged from the war with a system of price and market guarantees which would on the one hand ensure the stability of the industry, but on the other would facilitate what were seen as being necessary adjustments in the scale and character of agricultural production.<sup>1</sup> This system of guarantees was only intended to cover the period up to the summer of 1948, and the mechanism for guaranteeing the stability of the industry after this 'transitional' period had still to be devised. The subject of this chapter is the evolution of Labour's long-term policy for the industry over the period from 1945 to 1947, an process which culminated in the Agriculture Act 1947 and the launch of the £100 million expansion programme in August 1947. Later chapters will deal with the implementation of these policies.

Agricultural policy in this period has to be seen against a background of world food shortages and the UK's seriously weakened position in the world economy. Poor harvests, both at home and abroad, balance of payments problems, and the convertibility crisis of July-August 1947 all played a crucial part in determining the direction agricultural policy took after 1945. More generally, the depressed condition

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1 See Chapter I.

of the industry in the inter-war period and the obvious improvements made under the wartime guarantees highlighted the benefits of planned production, and in the inter-war years Labour had been the strongest advocate of both the national planning of agriculture and the fixing of stable prices. In their 1945 manifesto Labour argued for the continuation of planning and controls in peacetime as "an instrument of economic management".<sup>2</sup> As a corollary of the maintenance of guaranteed markets and fixed prices, and the promise of long-term stability for the industry, the NFU accepted the obligation to maintain standards of husbandry, and the creation of a peacetime counterpart to the CWAEC system.<sup>3</sup> These factors formed the framework within which Labour's agricultural policy was to develop in the post-war period.

This chapter is divided into three sections; sections (i) and (ii) will deal with the events which lead up to the launch of the expansion programme, while section (iii) will examine the evolution of the 1947 Act.

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2 See Chapter II.

3 See The National Farmers' Union, The Basis of Economic Security : A Permanent Policy for the Nation's Greatest Industry (1945).

(i)

When presenting their views on the principles of post-war policy MAF had given as one of the reasons for maintaining a 'healthy and well-balanced' agriculture after the war its potential as a source of savings in foreign exchange.<sup>4</sup> In the summer of 1944 the Chancellor of the Exchequer, Sir John Anderson, submitted a series of memoranda to the Cabinet, in which he drew attention to the serious financial problems the UK would face at the end of the war.<sup>5</sup> Anderson argued that there would have to be 'determined and continuous efforts' to apply productive capacity in such a way as to enable the country to deal with a problem of an 'unprecedented magnitude'

'The question of our overseas resources and liabilities as they stand today and as they will stand at the end of the war with Germany is fast becoming so critical that I must ask my colleagues to take serious note of it, and to consider important and far-reaching lines of policy to save themselves from plunging into a morass'.<sup>6</sup>

In a note attached to one of Anderson's memoranda, Keynes argued that the assumption that the UK would be able to import all the food and raw materials necessary to ensure full employment, and to maintain the general standard of life, was

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4 WP(43)422, September 28th 1943, 'Post-War Agricultural Policy', memorandum by the Agriculture Ministers, in PRO CAB 66/41.

5 WP(44)353, June 28th 1944, 'Post War Financial Commitments' and WP(44) 360, July 1st 1944, 'Our Overseas Liabilities', memoranda by the Chancellor of the Exchequer, in PRO CAB 66/52.

6 WP(44)360.

at that time 'an act of blind faith', and he urged Ministers to 'support faith with works'.<sup>7</sup> Anderson believed that agricultural production might be a source of relief from these problems. During the war the emphasis had been on producing those commodities which cost most in shipping terms. If, when shipping was no longer a deciding factor, British agriculture produced those commodities expensive in foreign exchange terms, then within three to four years Anderson believed that large savings could be made.

The Cabinet decided that, when the shipping situation allowed, agricultural production was to be adjusted with a view to saving the maximum amount of foreign exchange.<sup>8</sup> In the light of the fears the Chancellor had expressed the Treasury invited MAF and the Ministry of Food to consider as 'a matter of urgency' the expenditure, and ways in which the efficiency of farming could be increased.<sup>9</sup> The results of these investigations were finally presented to the Cabinet in January 1945. By 1950/51, given adequate supplies of capital, labour and housing, guaranteed prices and markets, and a substantial degree of Government control, British agriculture could make a positive contribution of £80 million towards the saving of foreign exchange (at pre-war prices).<sup>10</sup>

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7 Note by Keynes, dated June 12th 1944, on 'The Problem of Our External Finance in the Transition', attached to WP(44)360.

8 WM(44)92, July 18th 1944, in PRO CAB 65/43.

9 See PRO MAF 38/650, July 12th and July 17th 1944, Sir Donald Fergusson to R.S. Hudson.

10 WP(45)36, January 17th 1945, 'The Post-War Contribution of British Agriculture to the Saving of Foreign Exchange', memorandum by the Minister of Agriculture and the Minister of Food, in PRO CAB 66/60.

At an inter-departmental meeting to discuss the Ministry of Food's requirements for 1946/47 and 1947/48 in February 1945 George Dunnett, the Assistant Secretary to the Treasury, suggested that it was essential to work on the assumption of shortages of foreign exchange after the war.<sup>11</sup> The Ministry of Food emphasised the importance of maintaining a high level of crop production in the short-term, as future supplies of both food and feed grains remained uncertain. In the long-term, however, the principal objective should be the rapid expansion of livestock production and a steady reduction in the arable acreage from its high wartime level. Shortages of animal products were going to be more serious and persistent than world shortages of cereals, and livestock imports cost more in foreign exchange than grain imports. The Ministry also believed that feed grains would be in reasonable world supply by 1946/47.<sup>12</sup> The main problem would be deciding when to begin reducing the acreage of crops for direct human consumption.

MAF officials agreed with the Ministry of Food's general outlook, although the Permanent Secretary, Sir Donald Fergusson, doubted that animal feeds would be so readily available by 1946/47. In February and March 1945 John Llewellyn, the Minister of Food, submitted two memoranda to the Cabinet on world food supplies, stressing the seriousness of the supply position in 1945, and the likelihood of there being little change in 1946. There could, therefore, be no let up in food production in the UK in 1945 and 1946, and Llewellyn called on MAF to make sure that output

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11 PRO MAF 38/235, February 2nd 1945, Note of a Meeting between the Treasury, MAF and the Ministry of Food.

12 PRO MAF 38/235, January 30th 1945, 'Agricultural Production and Marketing Programmes', Ministry of Food memorandum.

was maintained.<sup>13</sup> These memoranda, and the joint MAF/Food memorandum on agriculture's potential contribution to the saving of foreign exchange, were considered by Ministers in March 1945; R.S. Hudson was authorised to communicate the main facts of the situation to the CWAEC's and to emphasize the importance of maintaining a high level of food production.<sup>14</sup>

The results of the first APR were presented to the Lord President's Committee in March 1945 in a memorandum covering a report prepared by the MAF officials involved in the price negotiations.<sup>15</sup> The memorandum stressed the difficult conditions under which this first review had been carried out. The serious world food situation, and the need to maintain 'exceptional' levels of production, had required special price adjustments to be made, but there had also been the need to establish certain principles at the first review; the need to return in the long-term to an essentially pre-war pattern of production. The Committee subsequently approved the proposals in the Official Report,<sup>16</sup> and they were made public a few days later. Fatstock and milk prices were increased for the period from July 1945 to June 1946, as were the prices of sugar-beet and potatoes. There was to be no change in the prices paid for cereals from the 1945 harvest, on the understanding that no cropping directions regarding cereal acreages would be enforced. At the 1946 harvest the increases given for potatoes and sugar beet would be withdrawn, the minimum barley

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13 WP(45)109 and 130, February 28th and March 2nd 1945, 'World Food Supplies', memoranda by the Ministry of Food, in PRO CAB 66/62.

14 WM(45)30, March 14th 1945, in PRO CAB 65/49.

15 LP(45)55, March 2nd 1945, 'The Review of Agricultural Prices, February 1945' memoranda by the Agriculture Ministers, in PRO CAB 71/20.

16 LP(45) 13th Mtg., March 7th 1945, in PRO CAB 71/19.

price reduced, and the acreage payment for wheat withdrawn.<sup>17</sup> The price adjustments were intended to reaffirm the Government's stated intention to shift from cereals to livestock production as soon as possible.

In July 1945 MAF gave further consideration to the level of production that would be required from the 1946 harvest in the form of a memorandum for the Cabinet. MAF's paper dealt with sugar beet, potato and wheat production in the light of the changes that had occurred in the world food situation since Ministers had agreed to the price adjustments arising out of the APR.<sup>18</sup> Since that decision had been taken the food supply situation had deteriorated, bring with it a change in the Ministry of Food's requirements from the 1946 harvest. They had requested that the 1945 sugar beet acreage be maintained in 1946 and that the potato acreage be held at not more than 10% below its 1945 level, almost double the average pre-war acreage. The Ministry of Food also wanted 2½ million acres of wheat to be sown for the 1946 harvest, but in view of the general expectation of a relaxation in cropping directions, it was acknowledged that it would not be easy to obtain this acreage. MAF argued for the continuation of directions to help maintain the required potato and sugar-beet acreages. With regard to wheat, in view of the aims of long-term policy and the likelihood of world supplies improving considerably by 1946/47, MAF argued that acreage payments should be cut and directions relaxed, but that every effort should be made to persuade farmers to grow the required wheat acreage in 1946. At the Cabinet

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17 See the Official Report on the APR annexed to LP(45)55 and PRO MAF 38/236, press announcement of new agricultural prices.

18 CP(45)81, July 16th 1945, 'Cropping Directions and Prices of Certain Agricultural Commodities for the 1946 Harvest', memorandum by the Minister of Agriculture, in PRO CAB 66/67.

meeting Florence Horsbrugh, the Parliamentary Secretary to the Ministry of Food, stated that while her Ministry agreed that it was desirable to begin to adjust prices, it was hoped that a minimum of 2¼ million acres would be sown to wheat, a figure still ¼ million acres higher than the average pre-war acreage.<sup>19</sup> In September 1945 Tom Williams wrote to Alfred Dann and Thomas Hodgson<sup>20</sup> on the subject of the role of the CWAEC's in peacetime. Both men wanted the Committees to retain the full range of their wartime powers. The industry, they argued, must put the national interest first, but Dann and Hodgson believed that this would only be achieved by the 'considerable direction and control' of cropping.<sup>21</sup> In reply Williams argued that there had to be a change of emphasis after six years of emergency cropping and that the 'policy of the future' must be to allow the farmer freedom of cropping, consistent with two main principles. Firstly, the farmer must grow sufficient amounts of the crops required by the nation, even if this clashed with his own interests, and secondly he must be prepared to maintain unimpaired the fertility of his land. In 1946 reconstituted CAECs were empowered to issue directions for the growing of sugar beet and potatoes, the ploughing-up of inferior grassland, and for the maintenance of the total tillage acreage. To try and dictate specific acreages to farmers, Williams believed, would be 'unwise and impracticable'.<sup>22</sup>

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19 CM(45)15, July 18th 1945, in PRO CAB 65/53. For comparison, in 1938 the wheat acreage was 1,928,000 acres, and in 1945 it stood at 2,274,000 acres.

20 The General Secretary of the NUAW and the National Secretary of the TGWU respectively.

21 PRO MAF 39/239, September 18th 1945, A.C. Dann to Tom Williams.

22 PRO MAF 39/239, September 27th 1945, Williams to Dann and Hodgson.



Another aspect of post-war policy was decided at this time. In October 1945 the Ministry of Food submitted proposals regarding the continuation of the Ministry in peacetime.<sup>23</sup> The world food situation, the recommendations of the 'Hot Springs' Conference, and the Government's commitment to planning, it was argued, imposed upon the Government 'a far greater responsibility for intervention in the procurement, distribution and sale of food than existed in 1938'. The objectives of any long-term food policy, the Ministry argued, should be to ensure the desired quantity and quality of home production, the control of imports in line with BOP considerations, and the protection of the home consumer. The Government should also seek to promote greater efficiency in marketing and distribution, to prescribe standards of quality, and to secure supplies of food at prices all classes could afford. The Food Minister, Ben Smith, argued that the retention of the existing organisation and controls would be the most effective method of achieving these different objectives. The Ministry was regarded as having made an 'unanswerable case' for its continued existence. A permanent, separate Ministry of Food could, it was argued, play a further important role, that of a 'counter-poise' to MAF, ensuring that agricultural policy was 'not unduly restrictive from the consumers' point of view'.<sup>24</sup> Both the Lord President's Committee and the Cabinet approved the establishment of a permanent, peacetime Ministry of Food.<sup>25</sup>

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23 LP(45)196, October 10th 1945, 'Government Controls and Food Policy', memorandum by the Minister of Food, in PRO CAB 71/20.

24 PRO PREM 8/37, October 10th 1945, minute to Attlee.

25 LP(45) 37th mtg, October 12th 1945, in PRO CAB 71/19 and CM(45)47, October 30th 1945, in PRO CAB 128/1.

In November 1945 Tom Williams was finally given Cabinet approval for a statement on Labour's policy for the industry and for talks with representatives of all branches of the industry,<sup>26</sup> and he gave an outline of this policy in a speech to the Commons on November 15th.<sup>27</sup> Williams' speech also dealt with the world food situation; in view of the supply situation compulsory directions would be still issued for potatoes and sugar-beet, and the laying down of land to grass would be supervised to ensure that the process kept in step with livestock numbers, the requirements of domestic feed grain production, and with the need to ensure, at least in the short-term, a large tillage acreage. As the food supply situation eased, Williams continued, the Government intended to allow farmers to grow the crops they felt were best suited to their land. The Government did intend, however, to seek permanent powers to serve directions if and when they were required in the national interest.

The 'first essential' of any policy, it was argued, was the provision of stable conditions, and during the war this had been achieved through fixed prices and guaranteed markets for the principal agricultural commodities. Just as the Ministry of Food had argued that the wartime system of Government purchase was the most effective method of achieving the objectives of post-war food policy, MAF argued that the wartime guarantees, which had 'worked well and proved flexible in operation' were the best method of giving effect to a 'positive and progressive' food policy. Indeed, MAF saw the continuation of the guarantees as being complementary to the establishment of a permanent Ministry of Food. At this stage there was to be no

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26 CM(45)52, November 13th 1945, in PRO CAB 128/1.

27 H. of C Deb. (5th Series), Vol. 415 Col. 2333-2338, November 15th 1945. See also LP(45) 216, October 29th 1945, 'Agricultural Policy', memorandum by the Agriculture Ministers, in PRO CAB 71/22.

attempt to define the size of the industry or the precise character of production in the long-term, but Williams argued that the system would be flexible enough to allow production to be adjusted in the light of changing economic conditions. The production process itself required a reasonable degree of stability if farmers were to plan on an efficient and economical basis, and MAF believed that the best way of providing this stability was through the APR procedure.

The guaranteed minimum prices fixed in 1944 for milk, fat cattle and fat sheep would apply up to June 1948, and MAF proposed that in 1946 minimum prices would be fixed for the period from June 1948 to June 1950, and in 1948 for 1950 to 1952 and so on. Minimum prices for eggs and fat pigs would also be fixed at this time to help encourage increased production. Uncertainties as to the future supplies of feeds had prevented any such commitment being made in the past. Now that it was hoped that feed ration scales could be progressively increased a revival in pig and egg production could be contemplated more seriously, especially as this would help save foreign exchange by reducing the UK's dependence on North American supplies. MAF saw this course of action as reconciling the basic needs of the livestock producer with the Government's need to maintain a flexible approach to agricultural production. MAF also stressed that it might be necessary to apply quantitative limitations to the guaranteed markets for particular commodities, something that had been a feature of pre-war policy. Producers would be given between eighteen months and two years' notice of the Government's intention to impose such limits.

As a counterpart to the continuation of the wartime guarantee system, amendments would be made in the machinery for fixing agricultural wage rates. In 1942 the powers of the County Agricultural Wages Committees had been transferred to the Central Wages Boards, together with the power to determine hours of employment and overtime. Legislation was to be introduced to amend the statutory provisions regarding wage regulation permanently.<sup>28</sup> The necessary corollary of these guarantees was, MAF believed, a duty on the part of the industry to ensure that the best possible use was made of the land, and that it was farmed according to the rules of good husbandry. The main method of ensuring this would be the continuation, in some form, of the County Committee network.

By January 1946 the world food situation was becoming increasingly serious,<sup>29</sup> prompting further debate as to the amount of production required from British farms. Towards the end of January the Ministry of Food circulated a departmental memorandum on the food required from home production.<sup>30</sup> The memorandum argued that the world food problem would continue until the end of the decade, and that the highest practicable level of domestic production would be necessary for the following two to three years. At the same time, however, the Ministry argued that the Government should avoid committing itself to costly production after 1950. The general trend in production should, they continued, be towards livestock, with the

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28 See Chapter VIII. The Agricultural Wages Act, 1947 continued the centralization of wage - fixing.

29 See The World Food Shortage, Cmd 6785 (1946).

30 PRO MAF 38/480, January 26th 1946, 'The Requirements of Food from Home Production', Ministry of Food memorandum circulated with a covering letter from F.L. Tribe. It was later presented to the Cabinet as CP(46)26, January 30th 1946, in PRO CAB 129/6.

maintenance of a high tillage acreage and a reduction in the acreage of crops for direct human consumption after the 1946 harvest. The wheat acreage at the 1947 harvest would, however, have to be at least two million acres if the UK's minimum milling needs were to be met. Officials also hoped that animal feeds would become more plentiful after 1947/48 and that meat production could be restored to its pre-war level by 1950 at the latest. The Ministry of Food also suggested the introduction of a special acreage bonus for spring wheat and an increase in the flour extraction rate as a way of increasing the supply of home-production cereals. The crisis had been prompted by poor harvests in Australia and Argentina in the 1944/45 season, and in Africa and India in the 1945/46 season. It was estimated there would be a world-wide wheat deficit of more than five million tons in the first six months of 1946, and the Government had agreed to play a part in aiding less fortunate countries by reducing her wheat imports in the first six months of 1946 by 250,000 tons.

At a departmental meeting chaired by Sir Donald Vandepier, Fergusson's replacement as Permanent Secretary, MAF officials discussed the Ministry of Food's proposals.<sup>31</sup> The meeting criticised both of the Ministry's suggestions; any sort of financial incentive to grow more wheat would only increase production at the expense of other cereals, and would be seen as the reversal of a 'carefully considered and firmly maintained line of policy'. MAF suggested that more effort should be put into persuasion and propaganda. Any increase in the flour extraction rate would deprive the industry of feedstuffs and prevent the honouring of promises to increase feed ration scales, thus retarding the recovery of livestock production. MAF feared that it

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31 PRO MAF 38/480, January 30th 1946, Note of meeting of MAF officials.

might even prove necessary to cut pig and poultry rations, and emphasized that the psychological effects of such a policy would have grave consequences for agricultural production.

MAF submitted their response to the Ministry of Food's proposals to the Cabinet at the end of January.<sup>32</sup> At the meeting Williams stressed the possible impact of any reduction in feed rations, but it was eventually decided that in view of the seriousness of the situation the flour extraction rate should be increased, although there was to be no bonus payment for Spring wheat. The Cabinet also decided that a 'vigorous campaign' of food economy should be launched, with special attention to be given to the consumption of bread and cereals. The campaign was to be carried out under the guidance of the Lord President, Herbert Morrison.<sup>33</sup> Cuts in feed rations were announced at the beginning of February; the coupons issued for the period up to the end of April would be honoured, and the cuts would effect the rations issued for the period from May to September. Pig and poultry production would be most effected by the ration cuts, and Williams emphasized that when the supply position improved they would have a strong claim on any additional supplies. Williams then turned to the 'urgent task' facing all British farmers, the sowing of as much spring grain as possible.

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32 CP(46)31, January 30th 1946, 'The Home Production of Wheat and Animal Feedstuffs Rations', memorandum by the Minister of Agriculture and the Secretary of State for Scotland, in PRO CAB 129/6.

33 CM(46)10, January 31st 1946, in PRO CAB 128/5.

'They must continue a high level of tillage so as to make the maximum contribution to the nation's granary while at the same time redoubling their efforts at self-sufficiency'.<sup>34</sup>

The Cabinet also invited Attlee to consider what special machinery could be established to co-ordinate Departmental responses to problems arising from the food supply situation. The Prime Minister subsequently proposed a series of Ministerial meetings to concert and direct the executive action required from different Departments. The World Food Supplies Committee, as it was to be known, was to be chaired by Attlee and would include Morrison, Bevin, Addison, Williams and Barnes.<sup>35</sup> At the second meeting the Committee considered a MAF memorandum on grain production at the 1947 harvest. With the prospect that 'the world will again be faced with empty storehouses' seeming increasingly likely, MAF sought a decision on whether it would be prudent to aim for a higher level of cereal and particularly wheat production in 1947 than would be secured at the 1946 harvest. The meeting was informed that Dalton did not want to commit himself to such proposals at that time, and that he would have preferred an increase in livestock production, as this would have had a greater effect on the balance of payments.

In reply, Williams stressed that there could be no increase in livestock production without an increase in the available supplies of feedstuffs. The meeting concluded with Williams being invited to conduct discussions with other Departments on this

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34 Quoted in the Farmers Weekly February 10th 1946.

35 WFS(46) 1, February 2nd 1946, memorandum by the Prime Minister, in PRO CAB 134/730.

question.<sup>36</sup> The Agriculture Minister reported back to the Committee at the next meeting. In consultation with the Treasury and the Ministry of Food it had been decided that the best course of action would be to plan for the highest possible tillage acreage in 1946 and 1947, and this would involve the ploughing up of a large acreage of temporary grass. To encourage this process it had been agreed that the ploughing-up grant established under the Agricultural Development Act 1939 would be extended to land sown down to grass for three or more years.<sup>37</sup> The CAECs would give directions where necessary to secure the desired tillage acreage but would not, as a general rule, give directions for the growing of specific crops.<sup>38</sup>

In view of the 'far from reassuring' prospects for 1947 the World Food Supplies Committee approved MAF's proposals. It was feared that between 1945/46 and 1946/47 the USA's exportable surplus of wheat might be reduced from ten million to two million tons with similar reductions in the other major exporting countries.<sup>39</sup> The CAECs were instructed to advise farmers to lay down to tillage in 1946 at least the same area as they had in 1945.<sup>40</sup> Wheat production was to be encouraged by price incentives at the APR and by the use of cropping directions to obtain a minimum 2\*\*1/2 million acres of wheat in 1947, production in 1946 having fallen

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36 WFS(46)9, February 9th 1946, 'Grain production in the UK for the 1947 Harvest', memorandum by the Minister of Agriculture, in PRO CAB 134/730. WFS(46) 2nd Mtg., February 12th 1946, in PRO CAB 134/729.

37 Previously the ploughing-up grant had been restricted to land down to grass for seven or more years.

38 WFS(46)32, February 18th 1946, 'Cereal Production in the UK in 1946 and 1947', memorandum by the Minister of Agriculture, in PRO CAB 134/730.

39 WFS(46) 3rd mtg, February 19th 1946, in PRO CAB 134/729.

40 PRO MAF 39/329, February 15th 1946, letter from Tom Williams to the CAEC Chairman.



short of the 2 1/4 million acre target.<sup>41</sup> Although he agreed to the price increase, Dalton only did so grudgingly and regarded the increase as being rather too generous. As Chancellor he reserved the right to insist that wheat receive 'less generous' treatment in the future. However, in a letter to Attlee, Douglas Jay argued that 'in the present world food situation, the necessity of this cannot be questioned'.<sup>42</sup>

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41 LP(46)54, March 5th 1946, 'Review of Agricultural Prices, February 1946', memorandum by the Agriculture Ministers, in PRO CAB 132/2. LP(46) 9th Mtg, March 8th 1946, in PRO CAB 132/1. See also LP(46) 56, March 7 1946, 'Review of Agricultural Prices, February 1946' memorandum by the Parliamentary Secretary to the Ministry of Food, in PRO CAB 132/2.

42 PRO PREM 8/1311(i), March 16th 1946, Jay to Attlee.

(ii)

As 1946 wore on the food supply position remained critical, with a world-wide wheat deficit of eight million tons for the crop year 1945/46. Wheat shipments to the UK fell short of the amount expected and the Government was also called upon to make a contribution towards alleviating famine in Europe, India and South Africa, by diverting supplies and running down UK stocks. Wheat and flour imports into the UK were reduced by 200,000 tons between May and September 1946. At the beginning of May the Ministry of Food proposed a further increase in the flour extraction rate, arguing that a 90% extraction rate was necessary to ensure that wheat and flour stocks did not fall to dangerously low levels.<sup>43</sup> Ministers agreed that even if Smith's worst fears were not realised, 'the outlook for UK stocks was so unpromising that there were strong arguments for every possible measure of economy'. The Cabinet therefore agreed to the proposed increase, despite MAF protests that it would 'seriously aggravate' the already serious feedstuffs supply situation.<sup>44</sup> MAF were instructed to inform producers that their plans for livestock production should not be based on the assumption that this rate would be maintained indefinitely. In discussion MAF had suggested the introduction of bread and flour rationing as an alternative to an increase in the extraction rate and by the end of May, with the Ministry of Food pressing for further savings in wheat and flour consumption, it was agreed that a rationing scheme

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43 CP(46)182, May 1st 1946, 'The UK Wheat and Flour Position', memorandum by the Ministry of Food, in PRO CAB 129/9.

44 CP(46) 184, May 1946, 'The UK Wheat and Flour Position', memorandum by the Minister of Agriculture and the Secretary of State for Scotland, in PRO CAB 129/9. CM(46)40, May 2nd 1946, in PRO CAB 128/5. One of the causes of the feedstuffs shortage was the diversion of coarse grain imports for human consumption in needy areas.

should be drawn up and the general public warned of the likelihood of rationing being introduced.<sup>45</sup>

Estimates of the supply of feeds for the coming winter were also circulated at the end of May.<sup>46</sup> On the most optimistic assumptions there would be deficit of almost 1/2 million tons of feeds, while on the most pessimistic assumptions the deficit would be nearer 3/4 million tons. The eventual size of the deficit would depend on the flour extraction rate and on the arrival of grain purchased from the Argentine. If the Ministry of Food's optimism proved well founded dairy cow rations would have to be cut by 25% and pig and poultry rations by 40%. If the more pessimistic assumptions proved to be correct, pig and poultry rations would have to be reduced still further, to levels based on a population of less than 1/8 the numbers of pigs and poultry in 1939. MAF believed that the effects on milk production would not be particularly serious, as there was considerable scope for greater self-sufficiency in cattle feeds. However, ration cuts were likely to have a far more serious effect on pig and poultry production. Despite this, both MAF and the Ministry of Food believed that the Government should proceed on the basis of the most pessimistic assumptions. The Cabinet eventually agreed,<sup>47</sup> and the ration cuts were announced at the beginning of June.<sup>48</sup>

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45 CM(46) 51, 52 and 53, May 23rd, 27th and 30th 1946, in PRO CAB 128/5. See also CP(46)209, May 1946, 'Wheat and Flour Supply Position', memorandum by the Ministry of Food, in PRO CAB 129/10.

46 CP(46) 201, May 24th 1946, 'Rations of Feedingstuffs', memorandum by the Minister of Agriculture, and the Secretary of State for Scotland, in PRO CAB 129/10.

47 CM(46)52 and 53.

48 PRO MAF 38/482, June 4th 1946, MAF press release Cyclo. 1657.

In a speech to the Council of Agriculture in June 1946 on the subject of ration cuts, Tom Williams outlined his opposition to calls for a long-term plan for British agriculture.<sup>49</sup> In a rapidly changing world, he argued, the Government had above all to remain flexible. The summer of 1946 was a difficult period for MAF in other ways, with the collapse of the SPR negotiations, the imposition of a settlement and growing complaints from the CAEC's over compulsory directions. At a conference of CAEC liaison officers Williams was told that County and District Committee members were 'naturally most reluctant' to serve directions which might cause a direct financial loss to their neighbours or friends.<sup>50</sup> In reply Williams stated that he had to be certain of the required minimum wheat acreage being reached, and that while small adjustments could be made in individual targets the overall 2½ million acre target could not be reduced.<sup>51</sup>

The 1946 harvest was plagued by bad weather and the condition of the land after the harvest was so poor that the County Committees argued that they would have great difficulty enforcing cropping directions for the 1947 harvest. In the hope of ensuring adequate supplies for the winter the price of wheat was increased in December 1946, for all millable supplies delivered in January 1947.<sup>52</sup> CAEC's were instructed to

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49 'From some quarters I am being urged to look ahead and to tell farmers exactly what is required of them for, say, four years ahead. I sympathise with this point of view, but I would say quite frankly that it is impossible in the world as it is today to do any such thing'. Quoted in The Farmers' Weekly, June 21st 1946.

50 PRO MAF 38/482, July 3rd 1946, Note of a Meeting between the Minister of Agriculture and CAEC liaison Officers.

51 The dispute with the NFU was eventually resolved by MAF's offer of a joint review of any 'anomalies that had arisen in the APR procedure. See Chapter IV.

52 PRO MAF 37/184, December 23rd 1946, 'The Increase in the Price of Wheat'. Joint MAF/Ministry of Food memorandum.

press home to farmers the need for the highest possible wheat acreage in 1947, although they were also empowered to modify directions to take account of any extenuating circumstances.<sup>53</sup>

The harsh winter of 1946/47 was a portent of the hardships to come; in Dalton's eyes 1947 was the 'annus horrendus' a year of 'almost unrelieved disaster'.<sup>54</sup> The bad weather created a severe fuel shortage, which in turn affected industrial production, with what had initially appeared to be a temporary crisis quickly developing into one of a more serious and permanent nature. Shortages of manpower, raw materials and machinery reduced industrial output and increased production costs, which in turn adversely effected the balance of trade, and 'In relation to the USA, the consequences were critical in the extreme'.<sup>55</sup> In the first half of 1947 the UK was sending 14% of her exports to the USA whilst importing 42% of her total imports from the United States. Dollar expenditure had previously been restrained by an inability to obtain supplies and by the unexpected recovery of exports to their pre-war level in the summer of 1946. The period from April to June 1947 saw the volume of UK exports fall sharply and imports increase and by July the dollar deficit was running at \$500 million a month. There was also the introduction of sterling convertibility to face in the summer of 1947, one of the conditions imposed by the American Government when granting the UK loan.

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53 LP(46)234, September 25th 1946, 'Agriculture : The Effect of Weather Conditions on the Autumn sowing of Wheat', memorandum by the Minister of Agriculture, in PRO CAB 132/5.

54 Hugh Dalton, High Tide And After (1962), p.187; K.O. Morgan Labour in Power (1985), p.331.

55 Morgan, op.cit., p.341. See also Cairncross, op.cit., chapter on 'The Coal Crisis'.

Dalton remained optimistic about convertibility, arguing that a moderate programme of phased import reductions would deal with any problems. However, from the end of July capital began to pour out of the country and the drain on the dollar reserves was enormous; in the six weeks to August 16th it averaged \$115 million a week.<sup>56</sup> After a long series of negotiations with the Americans it was agreed that convertibility should be suspended on a 'temporary and emergency basis' and once this had been announced the Stock Exchange returned to something approaching normality.<sup>57</sup> Convertibility was finally laid to rest altogether in December 1947, but if this spectre was finally banished, other spectres continued to haunt the Government. The dollar drain continued, the BOP situation remained critical, and the trade deficit continued to grow, and it is against this background that the policies introduced after 1946 have to be considered.

In January 1947 the Ministers of Agriculture and Food submitted a memorandum on future food production to the Lord President's Committee. Their submission contained a 'tentative programme of home food production for the next three or four years', and represented a considerable change in attitude on the part of Tom Williams, given his earlier pronouncements on the problems of 'four year plans'. The Conservatives were likely to press for more precise indications of the Government's intentions regarding Clause One of the Agriculture Bill, as would the farmers themselves. While it would be 'folly' to give precise quantitative objectives, it would be necessary to give a

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56 PRO PREM 8/489, August 14th 1946, memorandum by Dalton.

57 See Morgan, op.cit., p.346 and Cairncross, op.cit., chapter on 'The Convertibility Crisis'.

'general indication of the lines along which we expect home agriculture to develop'.<sup>58</sup>

In the immediate future the supply position would not permit any sizable reduction in the home production of bread grains, potatoes and sugar beet. However, in the longer-term production would be re-orientated towards the rapid recovery of bacon, meat and egg production, on the grounds of both increased efficiency and dollar saving. There would also be a reduction in the total tillage acreage. This was to begin with the 1948 harvest, with the target wheat acreage being reduced from 2½ to 2 million acres. Domestic production of animal feedstuffs would have to be maintained, as there was little chance of any increase in the available supplies of oil cakes or protein feeds in 1947.<sup>59</sup>

The production targets were announced by MAF at the beginning of March : the Treasury had supported the proposals for their hard currency saving potential and Ministers, while viewing the proposals as 'risky', felt that any such risks were worth taking.<sup>60</sup> In its instructions to CAEC Executive Officers MAF stated that it had no intention of obtaining the 1948 targets through the use of cropping directions, and would rely instead on voluntary agreement and persuasion. Williams wanted to avoid too rapid a swing back to grassland, and hoped that by 1948 producers would be able

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58 LP(47)21, January 20th 1947, 'Future Production of Food in the UK' memorandum by the Minister of Agriculture, Secretary of State for Scotland, and the Minister of Food, in PRO CAB 132/7.

59 See CM(46)94, November 4th 1946, in PRO CAB 128/16.

60 PRO T223/216, January 25th 1947, Dalton to Attlee. The proposals were also contained in the 'Draft Economic White Paper' produced by the Economic Steering Committee under Sir E.E. Bridges, and approved by the Cabinet Committee on Economic Planning in February 1947. Gen 169/1st mtg. February 4th 1947, in PRO CAB 130/17.

to retain a significant proportion of their millable wheat and barley production for feeding to their own livestock.<sup>61</sup>

The harsh winter of 1946/47 also took its toll on domestic agricultural production; MAF estimated that the losses in total production for the year 1947/48 would amount to somewhere between £16 and £38 million.<sup>62</sup> The Cabinet approved the setting up of an Agricultural Distress Fund, to which the Government made a lump sum contribution.<sup>63</sup> Williams also suggested the payment of an additional £7 million from the Exchequer, to be passed down to farmers either through price increases or acreage payments, to help secure MAF targets. He also wanted a definite commitment from the Government that producers would be allowed to keep 20% of their millable wheat and barley from the 1948 harvest to feed livestock. Dalton supported the proposals, in the face of criticism that the money would not be used to its best advantage if MAF's proposals were introduced. The over-riding aim, he argued, should be to increase domestic production to reduce dollar expenditure, and Dalton believed that MAF's proposals would achieve this aim. The Cabinet as a whole agreed with Dalton, approving both the proposed expenditure and the retention of grain from the 1948 harvest.<sup>64</sup>

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61 PRO MAF 37/195, March 8th 1947, memorandum from MAF to CAEC Executive Officers in England and Wales.

62 CP(47)128, April 18th 1947, 'Food Production in 1947', memorandum by the Minister of Agriculture, in PRO CAB 129/18.

63 CM(47)34, April 1st 1947, in PRO CAB 128/9.

64 CM(47)39, April 24th 1947, in PRO CAB 128/9.



The MAF/Ministry of Food memorandum on the possible contribution the industry could make to the saving of foreign exchange was published in March 1947,<sup>65</sup> and MAF increasingly begun to feel that this had led to the industry being assigned an exaggerated importance as a dollar saver. At an inter-departmental meeting to discuss the BOP situation Donald Fergusson had called agriculture 'Britain's chief dollar saver'. The Treasury view was that as the financial situation was likely to remain a serious problem for years to come, with little hope of any real recovery in exports, it was essential to switch men and materials to indigenous production such as coal mining and agriculture. However, MAF's view was that:

'All the propagandists quote the estimated possible increase in agricultural production and blandly ignore the fundamental requirements of such an increase and .... that it could only save dollars if food consumption is kept down to the level of 1944'.<sup>66</sup>

The 'tentative programme of home food production' presented to the Cabinet in January was intended to increase net output by £42 million, and Vandeppeer believed that it would not be possible to make any further savings without severe rationing. The £80 million target would also require an input of capital which he believed would not be available to the industry, at least not in the medium term.

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65 As Cmd 7072 (1947).

66 PRO MAF 38/650, April 26th 1947, Fergusson to Vandeppeer; April 29th 1947, Vandeppeer to Fergusson. Fergusson had moved on from MAF to become the Permanent Secretary to the Ministry of Fuel and Power.

In July 1947 MAF produced a memorandum on the requirements of the agricultural production programme up to 1951 for the Lord President's Committee.<sup>67</sup> The memorandum once again stressed the importance of increasing output to save dollars and the importance of the UK being seen to make a 'convincing' contribution to the Marshall Plan. It also contained a number of proposals designed to help the industry reach the Government's production targets; an increase in the number of foreign workers, the continued use of volunteer labour (including soldiers and school children), an increase in the allocation of iron and steel for the production of machinery for home use, and the giving of priority to the building of houses in rural areas. MAF's proposals were initially considered by the London Committee at their July 24th meeting. The Committee concluded that the economic crisis required concerted action to increase exports and to increase production in import-saving industries, and that agriculture was by far the most important of this latter group.<sup>68</sup> The Committee went on to question the adequacy of MAF's proposals and suggested that the Lord President's Committee should invite MAF, together with the Treasury, CEPS, the Economic Section and the Ministry of Food, to carry out an examination into the possibility of increasing net output by £100 million by 1951/52. Within the London Committee the Treasury and CEPS were by far the strongest advocates of this course of action.<sup>69</sup> At their next meeting the Lord President's Committee took up the

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67 LP(47)117, July 15th 1947, 'Requirements of the Agricultural Production Programme', memorandum by the Minister of Agriculture, in PRO CAB 132/8.

68 PRO T223/216, July 24th 1947, 'Note for Ministers from the point of view of the London Committee'.

69 See PRO CAB 124/572, July 23rd 1947, E.M. Nicolson to Morrison.

London Committee's suggestion and an inter-departmental committee was established under the chairmanship of Sir Donald Vandeppeer.<sup>70</sup>

In a memorandum on the BOP situation circulated at the end of July Dalton called agriculture 'the outstanding example' of an import-saving industry and pressed for the £100 million target to be adopted. In reply Williams emphasized that such a programme would only be possible if the industry could be sure of adequate supplies of labour, feedstuffs, and other essential requisites.<sup>71</sup> Dalton himself gave an indication of the size of the task; between 1947 and 1951 the industry would require 170,000 extra workers, 35,000 extra houses, and a capital injection of around £70 million.<sup>72</sup> Doubts were expressed as to the wisdom of the Government committing itself to such a programme of expansion, and many Ministers felt that it would absorb more resources than the country could afford. In reply the importance of the industry as a saver of foreign exchange was emphasized, and the point was made that the industry would not co-operate with the Government on a smaller, short-term programme. It was eventually decided that steps should be taken to increase net output by £100 million by 1951/52.<sup>73</sup>

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70 LP(47) 23rd mtg., July 25th 1947, in PRO CAB 132/6. The Committee was referred to as the Agricultural Output Committee.

71 CP(47)221, July 30th 1947 'The Balance of Payments' memorandum by the Chancellor of the Exchequer, in PRO CAB 129/20. For Williams reply see CM(47)67, August 1st 1947, in PRO CAB 128/10.

72 CP(47) 223, August 4th 1947, 'The Balance of Payments', memorandum by the Chancellor of the Exchequer, in PRO CAB 129/20.

73 CM(47) 69, August 5th 1947, in PRO CAB 128/10.

The inter-departmental committee presented its report to Ministers at the beginning of August 1947.<sup>74</sup> In a covering memorandum Tom Williams once again emphasized the importance of adequate supplies of labour, housing and raw materials, and in particular animal feeds, to the success of the proposed expansion programme. The proposed programme would require an intensification of output over the whole range of agricultural production and Williams believed that this would cause problems for both the individual farmer and for the industry as a whole.<sup>75</sup> The success or failure of the expansion programme would depend on the co-operation of the industry and:

'It will be impossible to secure the full co-operation of farmers in this all-out effort for five years unless they can be fully satisfied that the level of output secured at the end of it will be maintained'.

Williams argued that farmers had to be reassured that there would be no reversal in Government policy. MAF's first expansion proposals would, when the 'slack' had been taken up in the calculations, have yielded an additional £57.5 million worth of increased net output. The bulk of the extra production needed to secure the £100 million target was to come from the expansion of grain production.

The official report made a number of suggestions regarding the possible sources of the extra manpower that would be required, including a reduction in the housing programme outside agricultural and mining areas, and the diversion of men from local

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74 Presented to Ministers as LP(47)137, August 4th 1947, 'The Expansion of Agricultural Production in the UK', with a covering note by the Minister of Agriculture, in PRO CAB 132/8.

75 ibid.

construction work into agriculture. The report also advocated the intensification of the recruiting drive, and stressed the importance of adequate rural housing to the success of their proposals. The Committee argued that the industry should be given equal priority with the coal industry in the allocation of labour and raw materials, and that the Government should ensure that new building contracts were distributed in favour of needy rural areas.<sup>76</sup>

The Lord President's Committee approved the expansion proposals, although a number of Ministers reserved their position on particular issues. Bevan doubted that the housing targets could be reached, while Shinwell suggested increasing the number of foreign agricultural workers, as this would reduce the housing problem and help prevent further increases in wages. Foreign workers could be given dormitory accommodation rather than their own cottage, for example. He was supported in this by the Minister of Labour, George Isaacs, who argued that it would not be possible to recruit the required number of British farmworkers; the total labour requirement for the expansion programme was estimated to be an additional 140,000 workers by 1951, together with a further 30,000 foreign workers. Ministers instructed MAF to take up these issues with the relevant departments.<sup>77</sup>

A meeting was arranged with officials from CEPS and the Ministry of Labour on August 13th, to discuss the issue of the agricultural labour force. MAF were unwilling to agree to an increase in the recruitment of foreign labour beyond the

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76 'Report of the Sub-Committee on Labour and Homes', annexed to LP(47)137.

77 LP(47) 24th Mtg, August 8th 1947, in PRO CAB 132/6.

30,000 figure and were supported in this view by CEPS. The CEPS officials argued that such a policy could create serious accommodation problems and might not have much positive effect on output. MAF felt that the industry could simply not assimilate more than 30,000 foreign workers, and CEPS suggested a large-scale recruitment drive for agricultural labour, coupling appeals to patriotism with warnings that the compulsory registration of able-bodied men might have to be introduced. MAF would be in charge of recruitment, operating through the County and District Committees. CEPS also approved the general diversion of resources into agriculture and suggested three possible ways of accomplishing this. Agriculture was to be given priority in the provision of raw materials, the needs of domestic agriculture were to be kept 'continuously in mind' when the resource levels of other industries were being determined, and the industry was to be allocated more resources in absolute terms.<sup>78</sup>

By the middle of August 'appreciable progress' had been made towards resolving the issues outstanding from the Lord President's Committee's consideration of the expansion proposals, enough to secure the Treasury's agreement to the launch of the programme. The expansion programme was launched on August 21st 1947 and was accompanied by an increase in prices designed to act as a direct incentive to increased production.<sup>79</sup> A week later Tom Williams addressed the nation's farmers in a radio broadcast:

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78 PRO T229/5, August 13th 1947, Note of a meeting between CEPS, MAF, the Department of Agriculture for Scotland and the Ministry of Labour; *ibid.*, August 13th 1947, S. Bodington to H.T. Weeks.

79 PRO MAF 24/654, August 21st 1947, 'The £100 millions target', Joint Announcement by the Agricultural Departments of the Requirements of the UK Agricultural Expansion Programme; *ibid.*, August 18th 1947, correspondence between R.H. Franklin and Sir H. Brittain.

'The aim (of the expansion programme) is high, but not beyond our reach. The plan is bold, as bold as it must be to match our needs. I am confident ..... our agricultural industry will be equal to the challenge'.<sup>80</sup>

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80      The text of the speech can be found in PRO CAB 124/573, August 28th 1947.

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In November 1945 Tom Williams was given Cabinet approval for an announcement of Labour's broad intentions' towards the industry, and shortly after his speech to the Commons a working party on agricultural policy was set up under the Chief Agricultural Advisor to the Minister, Sir William Gavin. By the end of November it had been agreed that talks should be initiated with all branches of the industry on a number of issues arising from the policy statement; the proposed powers of control and the mechanism for applying them, the constitution of post-war CAEC's, powers of land acquisition and the functions of the Agricultural Land Commission.<sup>81</sup> The first meeting between MAF and the various branches of the industry took place on December 18th 1945.<sup>82</sup> The first issue to be discussed was the reconstruction of the old CWAEC's on a temporary basis until the necessary permanent legislation could be introduced. This would give the Committees a 'new lease of life' and would encourage them to maintain their efforts. The reconstituted Committees would consist of a chairman and between two and four members directly appointed by the Minister, and two members each to be chosen from lists submitted by the NFU, CLA, the NUAW and the TGWU. Only the NFU expressed any strong objections to the proposals on the grounds that they should have a greater degree of representation on the new Committees. The NFU President, Sir James Turner, did, however, agree to submit MAF's proposals to the Union's Council.<sup>83</sup>

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81 PRO MAF 48/696(a), November 29th 1945, Note of a meeting of the Working Party on Long-Term Agricultural Policy.

82 PRO MAF 48/696(a), December 18th 1945, Note of a meeting between the Working Party and the Representative Organisations.

83 See Chapter VI.



MAF met the NFU again in February 1946, to consider a departmental memorandum on the measures MAF proposed to introduce to ensure efficient estate management and good husbandry.<sup>84</sup> The memorandum dealt with the constitution and functions of the CAEC's and the measures intended to secure good standards of farming. The State's commitment to providing guarantees for the industry created, it was argued, an obligation on the part of the industry, and any future policy must begin by defining the nature of the relationship between the Government and agriculture. MAF argued that the State should be empowered to enforce reasonable standards of husbandry, including the provision of capital equipment, where necessary by the use of supervision and in extreme cases by dispossession. The NFU broadly accepted these proposals, but continued to press for greater representation on the CAEC's on the grounds that its members constituted the largest proportion of the industry, and that they would be the group most effected by the Committees' operations. In reply MAF stressed that this might cause problems with the other representative organisations on the Committees, and a further meeting brought little progress. The NFU's General Purposes Committee had given 'clear and definite' instructions to its members not to proceed with any negotiations except on the basis of a 3 : 2 : 2 (NFU : CLA : NUAW) ratio of representation. MAF promised to convey the Union's views to their Minister.<sup>85</sup>

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84 PRO MAF 48/696(a), undated (February 1946?), LP11, 'Measures to Ensure Efficient Standards of Estate Management and Farming in Accordance with the Government's statement on Agricultural Policy'; ibid., February 4th 1946, Note of a meeting with the NFU.

85 PRO MAF 48/696(a), February 6th 1946, Note of a meeting with the NFU.

Faced with a break-down in the policy discussions, MAF yielded to the NFU's arguments regarding the CAEC's. The problem MAF now faced was how to convince the other branches to accept the NFU's right to greater representation. Predictably, both the CLA and the NUAW opposed any such concession, despite MAF's arguments that the farmers had an 'unanswerable case' for greater representation.<sup>86</sup> The Workers' Union also wanted Williams to assume unlimited powers to given directions, to be used whenever it was deemed necessary. The TGWU, who also represented farmworkers, was prepared to accept the Governments proposals, however, and the CLA were not prepared to take their opposition to the point of non-cooperation, effectively leaving the NUAW alone in their opposition to the Government and the NFU.<sup>87</sup> MAF eventually decided to press ahead with the reconstitution of the CAEC's on the proposed 3 : 2 : 2 basis, stressing the greater impact their operations would have on farmers, as opposed to any other group and appealed for a continuation of the wartime 'team spirit' of the Committees.

The working party was also very critical of the NUAW's proposals regarding powers of direction, arguing, that 'there is no point exercising control just for control's sake' In a memorandum on farming standards it was proposed that under normal conditions only farmers already under supervision would be served cropping directions, although the Minister would reserve the right to serve directions on all producers in the event of a national emergency. Both the NFU and the CLA argued that this reserve power

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86 ibid., February 11th 1946, Note of a meeting with the NUAW and the TGWU; ibid., February 15th 1946, Note of a meeting with the CLA; February 27th 1946, A.C. Dann (General Secretary, NUAW) to L.A.R. Manktelow (Principal Assistant Secretary, MAF).

87 ibid., March 1st 1946, Manktelow to members of the Working Party. PRO MAF 39/329, March 4th 1946, Note by Manktelow.

should only be exercised after the Minister had obtained an affirmative resolution from Parliament. MAF felt that this was a 'reasonable safeguard' and one that could be accepted.<sup>88</sup>

In May 1946 MAF produced another policy document covering proposed powers for the acquisition of land and the constitution of the Agricultural Land Commission.<sup>89</sup> In cases where a farmer or a landowner was not farming or managing his land in accordance with the rules of good husbandry, the Minister would be empowered to take possession of that land. MAF would also be empowered to acquire land requiring large-scale reclamation work, or where productive efficiency could be increased by the grouping together of small farms or pieces of land. In any such cases the State would be able to acquire the land through voluntary negotiations. Any legislation would therefore provide for both the compulsory purchase and the voluntary acquisition of land. Any land acquired by the Government would be managed for the Ministry by the Agricultural Land Commission, a body comparable to the Livestock Commission created under the Livestock Industry Act, 1939. All the members would be Ministerially appointed and would all have experience of the industry and of land agency work in particular.

The CLA pressed for their members to be allowed the opportunity to 'put their house in order' before any dispossession order was served, arguing that the Minister should allow them to submit a management scheme as an alternative to dispossession. MAF

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88 PRO MAF 48/696(a), February 1946, LP14, 'Points of Substance raised in Discussion with Representatives of the Industry'.

89 ibid., May 1946, LP 15, 'Powers of Acquisition of Agricultural Land and the Constitution of an Agricultural Land Commission'.

recognised that this would commend the Bill to the landowners, but that it would also attract a good deal of criticism from the NUAW and the NFU and from outside the industry. On these grounds MAF decided that no such provision could be made, although during the Bill's Second Reading the Minister could give a verbal pledge that he would be prepared to give individual landowners a second chance if there were sufficient mitigating circumstances.<sup>90</sup>

Both the NFU and the CLA criticised the financial basis of the compulsory purchase proposals. The price of any land bought in this way would be determined under the provisions of the Town and County Planning Act, 1944, which meant that landlords and owner-occupiers would only receive their land's 1939 value. However, MAF felt it was unlikely that the Treasury would agree to agricultural land being made a 'special case'. The CLA also argued that the decisions of regional appeals tribunals in cases of dispossession should be regarded as final, and they reserved the right to press the issue in Parliament. Both the NFU and MAF argued that the final say on issues such as dispossession should rest with the Minister. In 1946 Williams had created a number of Dispossession Appeals Tribunals to hear appeals arising from a proposal by the Minister of Agriculture to take possession of land or terminate a tenancy under emergency powers. The Tribunals consisted of a legal chairman and two members each from lists drawn up by the industry and the Clerks of the Peace. The Tribunals had no power to make decisions and although the Minister was not bound by their recommendations, in practice they were always accepted. In view of

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90 PRO MAF 48/696(b), April 26th 1946, Note of a meeting with the NFU; ibid., May 1st 1946, Note of a meeting with the CLA; ibid., May 18th 1946, Note by Basil Engholm on matters arising from LP15.

the Minister's powers under the 1947 Act, the Dispossession Appeals Tribunals were replaced in 1948 by independent Agricultural Land Tribunals under provisions contained in the Agriculture Act. The new Tribunals were concerned with a much wider range of issues and their decisions were final. In cases concerning proposals of the Minister to take action they were binding on the Government.<sup>91</sup>

Tom Williams met with the policy working party at the end of May, with a view to preparing a draft policy document for submission to the Lord President's Committee. It was agreed that no provisions relating to the CLA's 'putting the house in order' arguments could be included, and it was also agreed that the statutory provisions of any Bill should not go beyond the power to serve directions on a farmer or landowner under supervision. There was no possibility of making the compensation for compulsorily - purchased land payable on a more generous basis.<sup>92</sup> At a second meeting in June it was decided that, subject to the approval of Ministers, powers would be taken in the Agriculture Bill to allow MAF to sell land that it acquired. The Agricultural Land Commission would not be constituted on a representative basis, and the obligation to offer back for sale any land acquired under the Agriculture (Miscellaneous Provisions) Act, 1941 would not be strictly adhered to. On 'tactical grounds', however, there would be provision for appeals to a Tribunal in such cases,

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91 'Agricultural Land Tribunals' in The British Journal of Administrative Law, Vol. 1 No. 1 (1954), p.3. As constituted under the 1947 Act the Tribunals consisted of a Chairman (usually a Solicitor or a Barrister) appointed by the Lord Chancellor, two members selected by the Minister from panels representing the NFU and the CLA, and two lay members, appointed as assessors, chosen by the Royal Institution of Chartered Surveyors.

92 MAF 48/696(b), May 27th 1946, Minutes of the Meeting.

although in general appeals would be limited to terminations of tenancies, the dispossession of owners, and directions to carry out major improvements.<sup>93</sup>

These 'questions of principle', and a summary of the provisions of the proposed Bill, were submitted to Ministers at the end of June 1946. MAF's proposals were approved and Williams was invited to proceed with the drawing up of legislation for submission to the Cabinet.<sup>94</sup> In July Williams submitted another memorandum to the Lord President's Committee in which he sought Ministerial approval for provisions in the Bill dealing with security of tenure. MAF wanted to guarantee tenant farmers greater security of tenure by making a 'Notice To Quit' inoperable without the consent of the Minister. In discussion it was agreed that in principle there should be greater security of tenure, but it was also felt that such issues would be better dealt with by an independent tribunal, who would also make decisions on 'Notices To Quit' and related issues. The Committee invited Williams to discuss this issue with the Lord Chancellor with a view to their jointly appointing a tribunal to deal with such cases in England and Wales. The Secretary of State for Scotland was to consider a similar series of arrangements. The Agricultural Land Tribunals were the end result of these discussions.<sup>95</sup>

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93 ibid., June 19th 1946, Minutes of the Meeting.

94 LP(46) 155, June 25th 1946, 'Agricultural Policy', memorandum by the Minister of Agriculture, in PRO CAB 132/4. LP(46) 24th mtg., July 5th 1946, in PRO CAB 132/1.

95 LP(46) 188, July 16th 1946, 'Agricultural Policy', memorandum by the Minister of Agriculture and the Secretary of State for Scotland, in PRO CAB 132/4. LP(46) 27th mtg., July 19th 1946, in PRO CAB 132/1.

The draft policy document was presented to the Cabinet in November 1946.<sup>96</sup> Williams was satisfied that the Bill would obtain the general support of the industry, although the CLA had objected to the provisions relating to security of tenure and to the acquisition of land by MAF. Williams stressed that MAF's proposals were necessary to give effect to the Government's policy for the industry as it had been announced in November 1945. He was also satisfied that two workers' representatives on the CAEC's was enough. Subject to a number of minor amendments, the Cabinet invited Williams to submit the draft Bill to the Legislation Committee.<sup>97</sup> The Bill was subsequently passed with little discussion and Williams was invited to present it to Parliament.<sup>98</sup>

The edifice of Labour's post-war agricultural policy was to rest on the 'twin pillars' of stability and efficiency, with the former being provided through a system of guaranteed markets and prices for the main agricultural commodities. Farmers and agricultural workers were to be assured a proper level of remuneration and adequate living conditions, although the guarantees were to be restricted to 'such part of the nation's food and other agricultural produce as in the national interest it is desirable to produce in the UK'.<sup>99</sup> The Bill did not have an easy passage through Parliament, with the Conservatives giving only 'qualified support'. The opposition were particularly critical of the potential limit on the guaranteed market implied in the Bill,

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96 LP(46)435, November 27th 1946, 'Agriculture Bill', memorandum by the Minister of Agriculture, in PRO CAB 129/15.

97 CM(46)103, December 5th 1946, in PRO CAB 128/6.

98 HPC(46)101, December 6th 1946, 'Agriculture Bill', memorandum by the Minister of Agriculture, in PRO CAB 134/326. HPC(46) 33rd mtg., December 10th 1946, in PRO CAB 134/323.

99 Agriculture Bill : Explanatory Memorandum, Cmd. 6996 (1946), p.3.

arguing that Labour was not offering the industry an sufficient degree of security. The NFU were also aware of the possible implications of this section of the Bill but remained silent, believing that it would not be possible to amend this section of the Bill and preferring to avoid an unnecessary clash with the Government.<sup>100</sup> The Agriculture Bill finally gained the Royal Assent on August 6th 1947.

Part One of the Act dealt with the machinery required to enable Ministers to carry out reviews of the general economic prospects and performance of the industry, to fix prices to enable farmers to plan ahead, and in conjunction with the Minister of Food to promote measures to provide a guaranteed market. The measures intended to ensure the strength of the other pillar were contained in Part Two : The provisions included both the promotion of agricultural research and the wider dissemination of technical advice, and powers to ensure that the land was farmed and managed efficiently. The Government set out in necessarily broad terms the rules of good husbandry and estate management.<sup>101</sup> If these rules were broken or ignored then the farmer or landowner would be placed under the supervision of his local CAEC and directions would be issued to ensure he fulfilled his responsibility to the land. If after 12 months satisfactory improvements had not been made the Minister of Agriculture was empowered to remove the recalcitrant farmer. Landowners and owner-occupiers were to be disposed by means of compulsory purchase and tenants by the termination of their tenancies.

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100 See A. Flynn, 'Agricultural Policy and Party Politics in Post-War Britain', in Cox, Lowe and Winter (eds.), Agriculture : People and Policies (1986), p.221.

101 See Cmd. 6996 (1946), p.7-8.



Part Three made substantial changes to the provisions of the Agricultural Holdings Act, 1923, mainly to those sections which dealt with the nature of the relationship between landlord and tenant. The broad aim of this section of the Act was to strengthen the provisions dealing with the tenant farmer's security of tenure, and to lay down a comprehensive compensation code to encourage landlords and tenants to fulfill their responsibilities to each other and to ensure that the land was managed properly. A healthy and prosperous agriculture would require an adequate supply of labour and if men and women were to be drawn into the industry there had to be satisfactory wages and living conditions, and the promise of a career on the land. Part Four was intended to provide the latter through the provision of smallholdings, to allow people with previous agricultural experience to become farmers in their own right.

Part Five dealt with the administrative machinery required to carry out the general policy. This section covered the creation of an Agricultural Land Commission to manage land acquired by MAF, the constitution of CAECs and the constitution of Agricultural Land Tribunals. The CAECs would continue to act as the Minister's agents, with the responsibility for carrying out the day-to-day administration of agricultural policy. Williams and the other Ministers responsible for agriculture were also empowered to acquire land through negotiation or compulsory purchase, and if necessary to serve directions on producers, although such powers would only be used in an emergency and would be subject to an affirmative resolution by Parliament.<sup>102</sup>

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102 Scottish agriculture was only covered by Part One and the 1947 Act was followed by the Agriculture (Scotland) Act 1948, wherein the Secretary of State was empowered to acquire land either through Voluntary agreement or compulsory purchase. The land would be managed by the Department of Agriculture rather than a separate land commission. Appeals on issues arising out of the Act and the powers granted to the Secretary of State or the CAEC's would be heard by the existing Scottish Land Court and not by an independent tribunal. Agriculture (Scotland) Bill : Explanatory Memorandum, Cmd 7175

The Agriculture Act 1947 was intended to give legislative effect to the Government's agricultural policy as announced by Tom Williams in November 1945. The Act outlined the basic principles that underpinned this policy, the mechanisms through which it was to be implemented, and the powers to be taken to ensure that the Government's objectives were achieved. The Act contained the 'bare bones' of post-war policy and the August 1947 expansion programme was the flesh which clothed the skeleton. Later chapters will deal with the workings of the APR system and with the progress of the expansion programme after August 1947.

The aim of this chapter has been to analyse the economic and financial factors that lay behind the policies pursued after 1945 and to trace the evolution of Government policy towards the industry and the desired level of production from domestic agriculture. Within two years Government policy changed from one based on retrenchment and a return to an essentially pre-war pattern of production to one based on the wholesale expansion of domestic production across the whole range of commodities grown on British farms. As we have seen, Britain's worsening economic and financial position, and the role agriculture was assigned in helping to solve these problems brought with it a considerable change in the Treasury's attitude to Exchequer expenditure on the industry.

Labour's policies were, to a large extent, based on a continuation of wartime mechanisms and in the case of the APR a mechanism that was originally intended to

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(1947). Clause 71 of the 1947 Act provided that the decisions of the Land Tribunals would be 'final and binding' on Ministers. See H. of C. Deb. (5th Series), Vol. 432 Col. 642, January 27th 1947.

facilitate the scaling down and restructuring of agricultural production in the transition from war to peace. These mechanisms were perceived, in Tom Williams' words, to have 'worked well and proved flexible in operation'. As nationalization had become a long-term policy objective for Labour by 1945, as indicated in Let Us Face The Future, they represented in the Government's eyes the most effective and well-tried method of securing the quantity and character of output required from home production. They also had the advantage of having been accepted by the NFU as a part of any future policy; as a corollary of the continuation of guaranteed prices and markets in peacetime the Union was prepared to accept the continuation of the CAEC system. The fact that the Government were prepared to impose the NFU's wishes on the NUAW (and not vice-versa) when dealing with the new constitution of the CAEC's reflects the importance that Labour, at this time for practical reasons, placed on maintaining a good working relationship with the farmers.<sup>103</sup> As Chapter II showed, political considerations were later to play a part in determining Labour's attitude towards the industry. In the inter-war period the agricultural workers had occupied first place in Labour's attentions, but in the post-war period the NFU increasingly occupied centre stage in Labour's policy discussions, a trend encouraged both by the economic situation and by the relationship fostered by the APR system itself.

By continuing the existing system of guarantees and controls and by stepping back from any policy of nationalization of the land, Labour left the structure of the industry largely unchanged, despite the fact that in the inter-war period the structure of British

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103 This theme will be developed in later chapters.

agriculture had been identified as one of the main constraints on the long-term stability and prosperity of the industry.<sup>104</sup> As Chapter IV will argue the failure of both the Labour and Conservative Governments to tackle this problem was to cause considerable difficulties for both the industry and the Government in the 1950's.

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104    See Chapter II.

## (IV)

# 'THE QUEST FOR STABILITY : THE ANNUAL PRICE REVIEW 1945-51'

## INTRODUCTION

In Chapter III the economic and financial factors which influenced the scale and character of agricultural output after 1945 were examined. The key factors were identified as being the worldwide food crisis and the UK's critical peacetime balance of payments problems. The price mechanism, rather than cropping directions and supervision, was to be used to steer production onto the right lines, MAF's view being that there was no value in 'exercising control just for controls sake'.<sup>1</sup> Any account of policy making and production planning in this period has, therefore, to examine the ways in which the annual price review (APR) was used to influence production, and the Government's attempts to reconcile stability for the industry with the other demands being made on the British economy. After 1949 Labour's main problem was how to find a balance between the 'national requirements of Exchequer economy on the one hand and of expanded food production on the other',<sup>2</sup> and so the APR has to be seen within the broader context of Labour's economic and financial policy in this period. The first section will discuss the framework within which APR decisions were taken, while section (ii) will deal with the APR itself and with the factors that

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1 See Chapter II.

2 CP(50) 24 March 2nd 1950, 'The 1950 Farm Price Review', memorandum by the Agriculture Ministers, in PRO CAB 129/38.

determined Government decisions on prices and incomes for agriculture. Section (iii) will assess the long-term implications of Labour's policy : was stability achieved and, if so, at what cost?

The 1947 expansion programme was accompanied by a sharp increase in prices and aggregate farm income, gains that were largely retained by producers. However, the prosperity of British agriculture in the 1950's rested on subsidies of between £240 and £280 million p.a.; without this degree of financial support, and given the prevailing trends in world food prices, the industry would have found itself in severe financial difficulties. Although aggregate income showed little variation after 1951 many groups of producers found themselves enjoying considerably less financial security. The cuts in Exchequer support for milk, pig and egg production hit the small farmer particularly severely. In 1956 E.H. Lloyd estimated that as many as 100,000 producers faced bankruptcy or being forced on to a subsistence level of income as the profitability of milk, pig and egg production continued to decline.<sup>3</sup> In a white paper published in 1958 MAF estimated that out of a total of 300,000 full-time agricultural holdings there were 65,000 farms where, even with subsidies, producers received an income which was less than the wage received by an agricultural worker.<sup>4</sup> Such figures revealed that the industry's structural problems, which had been identified in the inter-war period as the main block to the long-term stability of British agriculture, had still to be addressed.

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3 E.H. Lloyd, 'Some thoughts on Agricultural Policy', JAE, Vol. XII No. 2, February 1957, p.138.

4 Assistance for Small Farmers, Cmd. 553 (1958), p.6.

The reduction of Exchequer expenditure on agriculture was a key element in the Conservative Party's agricultural policy, their main objective being the abolition of rationing and controls, and the return to a free market in foodstuffs. The Government initially needed to generate a sufficient level of food output to enable derationing to take place, but thereafter the Government's interest lay in restricting the production of any commodity which entailed heavy Exchequer expenditure. Pigs, eggs and milk production were the most obvious offenders. The production of these commodities had been encouraged by relatively high levels of prices between 1945 and 1951, and in the case of pigmeat up to 1953, but the cost to the Exchequer proved insupportable after decontrol. This led to sharp cuts in subsidies, which in turn provoked serious clashes between the Government and the NFU.<sup>5</sup>

The 1950's were a period of painful retrenchment for British agriculture : even those farmers who were doing comparatively well complained that they were not sharing in the general rise in prosperity, although the gains made before 1951/52 were, in general, retained. The policies pursued between 1945 and 1951/52 must bear some degree of the blame for the problems producers faced in the 1950's. The expansion programme was launched on the back of a considerable increase in prices, specifically designed to reverse the downward trend in agricultural net income, with no thought being given to the problems that any future policy of retrenchment would produce. It must be pointed out, however, that the trends in commodity prices that prevailed in the 1950's could not have been foreseen when Labour launched the expansion programme in August 1947. The NFU resisted any attempt to reduce agricultural

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5      See Self and Storing, The State and the Farmer (1962), p.72.

incomes during Labour's period in office, thereby exacerbating the problems its members had to face after 1951. Too much emphasis was placed on the APR system as the engine of increased production, and MAF were ultimately unwilling to hard-bargain with the industry for fear of jeopardising the expansion programme and their relationship with the industry. The Treasury and the Ministry of Food fought hard to reduce expenditure but had only limited success, Ministers in general being swayed by MAF's warnings of the dangers of any conflict with the farmers.

The initial object of the APR procedure was to make, in conformity with Section One of the 1947 Act, a provisional assessment of the total increase or decrease that should be made in farmers' gross receipts, treating the UK as one large farm. The aim was to allow the industry to achieve, with the 'highest possible level of efficiency', the Government's production objectives.<sup>6</sup> In making this assessment 'broad considerations of national economic policy' had to be borne in mind. When agreement had been reached on the appropriate total adjustment, the next step was to translate this global figure into adjustments in individual commodity prices.<sup>7</sup> The three main sets of data used were estimates of aggregate net income, figures for aggregate cost increases since the last review and figures relating to farm incomes and outgoings for different types of farming.<sup>8</sup>

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6 Annual Review and Fixing of Farm Prices, 1951, Cmd 8239 (1951), p.3-4.

7 The prices fixed at the APR covered the whole of the UK.

8 Cmd. 8239 (1951), p.5.



For the purposes of the APR MAF defined net income as the difference between receipts and expenses for a given year, in other words 'spendable income', to which an estimate of any increase or decrease in the value of farm stocks and 'work in progress' was added or deducted. Any income directly derived from land ownership was excluded and net income as calculated above was to provide for the remuneration of the farmer and his wife for their labour, and for a return on the farmer's capital investment.<sup>9</sup> Aggregate net income was defined as the total net income of the whole industry, and this was calculated by multiplying the total sales off the 'national farm' for each commodity by the average market price realised. Collective expenditure on fertilizers, rents, and depreciation formed the other side of the calculation. The difference between the two, together with any direct subsidies and changes in the value of farm stocks was taken as aggregate net income.<sup>10</sup>

As MAF admitted, however, there was no body of 'ready made' information available on farm incomes and so any calculations could not give a precise figure for aggregate net income, although such calculations were of 'some value' in indicating broad trends.<sup>11</sup> Under Section Two of the 1947 Act provision was made for special price reviews (SPR's) to be held, either between two APR's or concurrently, on the occasion of a sudden and substantial change in costs. Under the SPR procedure any movement

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9 See Appendix, Cmd. 8239 (1951).

10 Aggregate net income could also be calculated on the basis of a sample of 4,300 UK farms, the 'raised sample' method, although this method was not used at the APR.

11 Cmd. 8239 (1951), p.6.

in costs, up or down, which justified an SPR would be met by a corresponding change in prices, with no change in emphasis between commodities.<sup>12</sup>

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12     ibid., p.16.

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In his April 1946 Budget Hugh Dalton committed Labour to holding the cost of living index at 31% above its pre-war level, continuing a policy of stabilisation through food subsidies that had been introduced during the war and given formal expression in the April 1941 Budget.<sup>13</sup> By 1947, however, Treasury concern at the growth of Exchequer expenditure on subsidies led to attempts to curb the rising cost of Government's stabilisation policy. Initially Dalton suggested a 'ceiling' on expenditure of £300 million for food subsidies, but eventually reached agreement with John Strachey on a figure of £392 for the 1947/48 financial year. The Treasury had estimated that the prospective level of expenditure, if Government policy remained unchanged, would be £491 million in 1947/48, and the savings were to come from the removal of subsidies on non-index items and the switching of subsidies to items with a higher points value on the index.<sup>14</sup> The convertibility crisis of July/August 1947 brought renewed calls from the Treasury for cuts in subsidies, with Bridges viewing them as 'the pivot of the whole autumn budget.'<sup>15</sup>

Despite Treasury attempts to reduce expenditure by £240 million the November 1947 Budget merely confirmed the £392 million ceiling. In practice, however, the price increases necessary to keep subsidy expenditure within the ceiling were not introduced, to increase the chances of success of the Government's voluntary wage

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13 See Price Stabilisation and Industrial Policy, Cmd 6294 (1941).

14 Neil Rollings, 'British Budgetary Policy 1945-54 : a "Keynesian Revolution"?', EHR, Vol. XL1 No.2, May 1988, p.287.

15 Bridges to Dalton, September 23rd 1947, quoted in Rollings, op. cit., p.289.

restraint policies.<sup>16</sup> The Statement on Personal Incomes, Costs and Prices white paper, published in February 1948, was the formal expression of Labour's policy of voluntary wage restraint and called for increases in income to be kept in line with increases in productivity.<sup>17</sup> The April Budget 1949 put a ceiling of £465 million on subsidies to cope with the effects of an increase in the supply of basic subsidised foodstuffs, although devaluation in September 1949 brought with it a lowering of the ceiling to £410 million in the November budget, as part of a larger package of cuts in investment and public expenditure.<sup>18</sup> Retail prices were increased in the 1950/51 financial year to keep expenditure within the ceiling, with increases in the price of butter and bacon. In February 1951 the Budget Committee, faced with the mounting cost of rearmament, suggested cuts of £200 million in food subsidies with compensation payments of £150 million in the form of extra family allowances and national insurance benefits, but the proposals were rejected by Gaitskell, the Chancellor of the Exchequer, and Douglas Jay, then the Financial Secretary to the Treasury.<sup>19</sup>

In a paper prepared in January 1946 MAF considered the implications of Dalton's November 1945 Budget. Dalton had suggested stabilizing the cost of living at a lower overall cost in subsidies, and had discussed the possibility of discovering economies

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16     Cmd 7321 (1948).

17     Rollings, op. cit., p.290.

18     ibid., p.290.

19     ibid., p.291.

in the administration of subsidy expenditure.<sup>20</sup> As there could be no increase in retail prices, and the possibility of buying imports on more favourable terms was uncertain, the only source of potential savings lay in cuts in agricultural incomes.<sup>21</sup> Although the 1946 APR settlement was intended, at least in part, to offset the prevailing downward movement in agricultural incomes, Dalton reserved the right to insist that farmers be treated 'less generously' in the future. In a letter to Attlee in March 1946 Douglas Jay, at that time the Prime Minister's Private Secretary, was more forthright in his criticisms, questioning the Government's whole policy on food subsidies and agricultural incomes.<sup>22</sup> Farm incomes had increased in aggregate terms from a pre-war level of around £56 million to £200 million in 1945/46 and the Government, in Jay's eyes, was pursuing a policy of unlimited food subsidies. Where, he asked, was this policy of ever-increasing agricultural prices and expanding subsidies leading Labour? Jay argued that a state of affairs was being created that would be unsupportable in the long-term and 'a great outcry from the farming community must be expected when the time of reckoning comes'. Jay's words were to prove prophetic.

Jay wrote to Attlee again in May, shortly before the SPR, to express his concern at the financing of wage increases through increases in prices and subsidies, rather than through the squeezing of farm profits. He suggested that the Agriculture Ministers be asked to consider whether the whole cost of the wage increase had to be added to the

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20 H. of C. Deb (5th Series), Vol. 414 Col. 1877, October 23rd 1945.

21 PRO MAF 38/480, January 1946 'A Note on the General Considerations Affecting Agricultural Prices'.

22 PRO PREM 8/1311 (i), March 16th 1946, Jay to Attlee.

price schedule and whether at least some part of it could be met by reducing the high level of farmers' profits.<sup>23</sup> However, in the face of widespread dissatisfaction within the industry over the Government's SPR proposals the Government was eventually forced to accept the principle of full recoupment for cost increases at SPRs, and to agree not to alter the emphasis between commodities when adjusting prices.<sup>24</sup> By January 1947 the Treasury were beginning to express their concern at the overall cost of the Government's stabilisation policy. However, in a note to Sir Herbert Britain, then a Third Secretary to the Treasury, W.M. Fisher argued that the forthcoming APR did not offer the Government many opportunities to reduce Exchequer expenditure.<sup>25</sup> The only possible source of savings for the 1947/48 financial year was a reduction in livestock prices, and Fisher doubted that such a course of action was either practicable or expedient, given the need to shift domestic production back to livestock rearing.<sup>26</sup>

August 1947 saw the launch of the £100 million expansion programme. The Agricultural Output Committee estimated that the programme would require a capital investment of £250 million over four years, £200 million if landlords' expenditure was excluded. They argued that £70 million should be injected into the industry straight away, mainly through increased prices, to enable farmers to meet their capital needs and cover any cost increases, with further annual injections of £40 million. The Committee believed that if adequate provision was made for meeting the industry's capital needs, this would act as a 'powerful stimulus and incentive' to increased

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23 PRO PREM 8/1311 (i), May 29th 1946, Jay to Attlee.

24 See Chapter III.

25 PRO T223/132, January 16th 1947, Fisher to Britain.

26 Fisher felt that crop prices for the 1948 harvest were the only source of potential savings.

production.<sup>27</sup> In a memorandum to the Cabinet Dalton stressed that the Government would have to take 'exceptional and dramatic' action to ensure farmers had the labour, materials and financial aid necessary for the success of the expansion programme, as the industry could not be expected to incur the whole of the additional outlay itself. The Committee's proposals were approved by the Cabinet and the Lord President's Committee and were made public on August 21st 1947.<sup>28</sup>

During the inter-departmental discussions on the 1948 APR the Treasury argued that any settlement should be made in strict adherence with the terms of the white paper on personal incomes, which precluded price increases except in 'exceptional cases' and demanded reductions in prices wherever possible.<sup>29</sup> The Treasury also maintained that, because farmers had failed to increase production in line with the programmed targets, the August 1947 price schedule should be revised. W.H. Fisher told Donald Vandepier that MAF's 1946 agreement with the NFU over the SPR procedure might have to be revoked or renegotiated in view of the Prime Minister's statement on incomes, costs and wages. In reply Vandepier stressed the potentially serious repercussions of any 'tampering' with this agreement.<sup>30</sup> Tom Williams discussed the

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27 LP(47) 137, August 4th 1947, 'The Expansion of Agricultural and Fish Production in the UK', memorandum by the Minister of Agriculture covering a report by the AOC, in PRO CAB 132/8.

28 CP(47)223, August 4th 1947, 'The Balance of Payments', memorandum by the Chancellor of the Exchequer, in PRO CAB 129/10. See also CM(47)69, August 5th 1947, in PRO CAB 128/10; LP(47) 24th, August 8th 1947, in PRO CAB 132/7. The price increases and the introduction of a number of subsidies and grants were intended to recoup producers for any cost increases incurred up to February 1948, to provide for both increased capital investment and an element of price incentive, and to offer 'an adequate stimulus for the adoption by farmers of the agricultural programme as a whole'. (Economic Survey for 1948, Cmd. 7344 (1948), p.36).

29 Cmd. 7321 (1948), p.3.

30 PRO T223/4, February 23rd 1948, Minutes of the First Inter-Departmental Meeting, February price review.

issue with Attlee in February 1948. In Williams view, APR procedure was not affected by the proposals outlined in the white paper, and in the Attlee's speech to Parliament on February 4th 1948, but the SPR was affected.<sup>31</sup> Williams hoped that in interpreting the proposals the integrity of the Government assurances to the industry would be fully preserved.<sup>32</sup> The Government had emphasised that in order to reduce the danger of inflation there could be no general increase in the level of personal incomes without a corresponding increase in the volume of production. Paragraph ten of the white paper stated that if wages in any industry were increased there could be no assumption that the resulting costs would be taken into account when prices or margins were set, and each case would be considered on its merits.<sup>33</sup>

Williams expressed similar views in a memorandum to the Cabinet. However, Ministers agreed that the 'general presumption' should be against any allowance for wage increases, and that in every case the Government should consider whether the extra cost could not be met out of either increased productivity or reduced profits.<sup>34</sup> It was also agreed that, in general, the rules suggested by the Minister of Labour for applying paragraph ten should be adopted. Isaacs argued that one of the results of the white paper would be that employers dealing with a wage claim would seek assurances from the Government that any wage increase they agreed to would be

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31 In Williams' eyes the SPR was a 'fundamental feature of our food production policy'.

32 PRO PREM 8/1311 (i), February 11th 1948, Williams to Attlee.

33 Cmd. 7321 (1948), p.4.

34 CP(48)59, February 18th 1948, 'Statement on Personal Incomes, Costs and Prices : Agricultural Prices', memorandum by the Minister of Agriculture, in PRO CAB 129/24. CM(48)15, February 19th 1948, in PRO CAB 128/12.



accepted for the purposes of adjusting prices.<sup>35</sup> This, he continued, was just the sort of calculation the white paper was designed to discourage. Wage claims were to be settled according to the white paper principles with no prior indication of the scale of any price increase.

The Treasury tried to impose white paper principles on the 1948 APR, but the final settlement simply confirmed without alteration the price schedules announced the previous August. Cripps argued that as the price increases had been given to help farmers meet the demands of the expansion programme, the fact that producers had not incurred the anticipated expenditure suggested that prices should not be confirmed without the Government first examining the extent to which production had fallen short of the programmed targets, and adjusting prices accordingly.<sup>36</sup> Williams reminded his Cabinet colleagues that prices had been increased in August 1947 on the understanding that they would not be changed at the 1948 APR unless they were found to be 'grossly extravagant'. With the exception of milk and beef production, which had been hit by the severe winter weather, the expansion of livestock production had fulfilled expectations. There could be no reduction in the pressure on producers to achieve the targets set for milk and beef production, and in the light of these factors Williams argued that the August 1947 price schedule should be confirmed. This was the view taken by William's colleagues.<sup>37</sup>

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35 CP(48)54, February 17th 1948, 'Statement on Personal Incomes, Costs and Prices : Enquiries Received by the Government Departments under Section Ten', memorandum by the Minister of Labour, in PRO CAB 129/24.

36 PC (48) 5th mtg, March 12th 1948, in PRO CAB 134/636.

37 PC (48) 6th mtg., March 22nd 1948, in PRO CAB 134/636.

This issue was raised again in March 1948 in a report on the Agricultural Wages Boards prepared by the Official Committee on Economic Development (the OCED).<sup>38</sup> The Agricultural Wages Boards resembled other wages boards except in one important aspect, namely that they were empowered to promulgate their own decisions and did not have to submit them to Ministers for confirmation. MAF argued that Wages Boards' decisions should be regarded as being equivalent to those taken by Arbitration Tribunals, and therefore as being in accordance with Government guidelines when consideration was given to whether an increase in wages merited an increase in prices. The Ministry of Labour felt that no such distinction should be made, and was supported by the OCED and by Cripps, who argued that Agricultural Wages Boards should be treated like other wages boards and their decisions examined to see if they conformed with the white paper's principles. This was the view taken by the Economic Policy Committee when they discussed the OCED report in May 1948.<sup>39</sup>

Towards the end of 1948 the Agricultural Output Committee were invited to consider whether the subsidy on animal feeds should be ended.<sup>40</sup> The question was subsequently discussed by an inter-departmental working party, who concluded that the existing subsidy should be reduced by 50%. It was hoped that this would

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38 EPC(48)20, March 18th 1948, 'Price Policy', memorandum by the Chancellor of the Exchequer covering the OCED report, in PRO CAB 134/217.

39 EPC(48) 17th, May 3rd 1948, in PRO CAB 134/216.

40 EPB(48)17, quoted in the Annex to PC(48)149, December 13th 1948, 'Feedingstuff Subsidies', memorandum by the Chancellor and the Minister of Agriculture, in PRO CAB 134/639. The suggestion had been made by Sir William Coates in his submission to the Economic Planning Board, in which he argued that low feed prices militated against efforts to increase the production of animal feeds from grassland.

encourage grassland conservation and production, by bringing cereal feed prices into a proper relationship with the cost of silage and dried grass production.<sup>41</sup> Both the Committee and the Economic Planning Board supported the proposals, which would yield the Treasury a net saving of £8 million, a £30 million reduction in subsidy expenditure being offset by an increase of £22 million in commodity prices.<sup>42</sup> Although feedstuffs rationing encouraged farmers to become more self-sufficient, there was still considerable scope for improvement and a reduction in feed subsidies would give greater emphasis to the importance of increasing self-sufficiency and developing grassland production. It was recognised that an increase in the retail price of feed grain might have an adverse effect on production, but it was hoped that this could be offset by increased commodity prices. The Production Committee approved the working party's proposals in December 1948.<sup>43</sup>

In March 1949 Cripps wrote to Tom Williams suggesting that there was a need for a thorough review of subsidies by the Agricultural Output Committee, Williams agreed with Cripps and the Committee began their work at the end of the month.<sup>44</sup> In a submission to the Committee MAF argued for the continued use of direct subsidies on the grounds that in many cases it would be uneconomic to attempt to increase production by relying solely on the price mechanism. This was particularly true of

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41 See AD(48) 10th mtg, November 18th 1948, in PRO CAB 124/576. The AOC report is contained in AD(48) 25/EPB (48) 29, annexed to PC(48)149.

42 PC(48)149. The difference between the two amounts was caused by a number of factors; the sale of livestock products outside the guarantee system, the allocation of feeds to household producers of pigs and poultry whose produce was not sold, and the allocation of feeds to non-farm livestock.

43 PC(48) 25th mtg, December 17th 1948, in PRO CAB 134/636.

44 PRO MAF 38/622, March 17th 1949, Cripps to Williams; *ibid.*, March 23rd 1949, Williams to Cripps.

production on marginal or hill land. MAF also argued that subsidies or grants would be needed if certain improvements were to be made at all.<sup>45</sup> The Treasury were divided on the issue; in a letter to W.L. Atkinson, W.H. Fisher complained that:

'Our difficulty is that our masters (Cripps and Sir Bernard Gilbert) feel that those subsidies are bad in principle and that it is better to put all the eggs in the one basket of end product prices ..... this prejudice ..... is, I'm sure, wrong'.<sup>46</sup>

The Committee's review soon broadened out into a consideration of the cost of the expansion programme as a whole, a reflection of the Treasury's growing concern at the cost of Labour's agricultural policy.<sup>47</sup>

In August 1949 Attlee circulated a memorandum to Ministers in which he stressed that, in the prevailing economic climate, any increases in Government expenditure were to be avoided and policies of retrenchment pursued wherever possible.<sup>48</sup> Attlee called for a 'searching scrutiny' of Government spending with the overall aim of reducing supply expenditure by 5%. John Strachey wrote to Cripps in September 1949 to suggest that the time had come for the Government to drop the remaining

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45 PRO MAF 38/622, March 22nd 1949, AD(49) 'Agricultural Subsidies', MAF memorandum.

46 PRO T229/255, March 27th 1949, W.H. Fisher to W.L. Atkinson.

47 See Chapter VI.

48 CP(49)170, August 4th 1949, 'Government Expenditure', memorandum by the Prime Minister, in PRO CAB 129/36.

subsidy on animal feeds,<sup>49</sup> and in October Ministers agreed that the subsidy would be discontinued after the 1950 APR. The increase in producers' costs resulting from this decision would be taken into account at the APR.<sup>50</sup> The abolition of the subsidy was part of a package of investment and expenditure cuts totalling £256.5 million, approved by the Cabinet in October 1949.<sup>51</sup> Cripps initially tried to end the subsidy before the APR something Tom Williams viewed as a 'breach of faith' on the Government's part and as being contrary both to the spirit and the provisions of the 1947 Act. Williams won the support of his colleagues on this issue although it was agreed that the subsidy would be ended after the 1950 APR.<sup>52</sup> Cripps hoped to secure a saving of £20 million in Exchequer expenditure on agriculture at the APR.<sup>53</sup> Williams agreed that the industry 'might reasonably be expected' to accept a reduction in income on this scale, and it was agreed that every effort should be made to reduce expenditure by this amount at the forthcoming price review.<sup>54</sup>

An inter-departmental committee was set up to consider the practical implications of the decision to end the feedstuffs subsidy, under the chairmanship of C.H.M. Wilcox and involving officials from the Treasury, CEPS, the Economic Section, Food, and the

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49 PRO T223/104, September 14th 1949, Strachey to Cripps.

50 EPC(49) 36th and 37th mtgs., October 17th and 20th 1949, in PRO CAB 134/220.

51 CM(49)61, October 21st 1949, in PRO CAB 128/16. CP(49)205, October 20th 1949, 'The Reduction of the Investment Programme and Government Expenditure', memorandum by the Prime Minister, in PRO CAB 129/37.

52 EPC(49) 38th, October 22nd 1949, in PRO CAB 134/220.

53 On the assumption of an aggregate net income of £250 million in the 1949/50 agricultural year (June to June).

54 EPC(49) 36th, October 17th 1949, in PRO CAB 134/220.

Agricultural Departments.<sup>55</sup> At the first meeting the Ministry of Food emphasised the potentially serious implications of the decision which would involve an increase of at least £30 million in producers' costs for the coming year. The Treasury representatives emphasised that it was not necessary to sell all individual feedstuffs at their market price, as losses on the sale of some could be offset by the profits made on the sale of other feedstuffs.<sup>56</sup> Such a course of action was seen as being 'politically untenable' by some members of the Committee and as being likely to cause complaints from farmers. It was also felt by some that action on the lines suggested by the Treasury would cause problems for the Government's overseas buyers in their negotiations with foreign feedstuffs suppliers.<sup>57</sup>

Both MAF and the Ministry of Food argued that Ministers had not realised the impact that the removal of the subsidy would have on livestock production, particularly pig production, and stressed the long-term implications of any failure to maintain the progress of the expansion programme.<sup>58</sup> The Committee's interim report was presented to the Agricultural Output Committee in December 1949. The Treasury and CEPS dissented from the main conclusion, which was that a complete removal of the feeds subsidy could not be reconciled with the expansion programme as it stood. The new prices paid for animal feed would affect grain production as a whole, making it more attractive for farmers to retain wheat on the farm rather than sell it to the

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55 See PC(49) 24th, October 28th 1949, in PRO CAB 134/640.

56 PRO MAF 79/73, November 3rd 1949, Minutes of the First Meeting of the Working Party on Feedstuffs, Prices and Derationing.

57 PRO MAF 79/73, November 11th 1949, Minutes of Second Meeting etc.

58 PRO MAF 79/74, November 1949, F.S.P.D.(49)6, note by MAF ibid., November 16th 1949, F.S.P.D.(49)8, note by the Ministry of Food.

Ministry of Food, and would reduce the existing price differential which favoured wheat as opposed to barley production. Any increase in feed prices would also have adverse effects on the quality and quantity of livestock production in the UK.<sup>59</sup> In discussion the Treasury emphasised that the difficulties arising from the Government's decision had been recognised, and that the removal of the subsidy was an essential part of the Government's economy drive. The CEPS representatives on the Committee stressed that it was not within the competence of the Committee to question the removal of the subsidy, which was a major policy decision, and that they should limit themselves to producing proposals that would enable the spirit of the Government's decisions to be carried out.<sup>60</sup>

The results of the Agricultural Output Committee's deliberations were finally submitted to Ministers in January 1950 together with a memorandum by the Agriculture Ministers which emphasised that the increase in costs the industry faced was so large that there would be 'substantial interference' with the expansion programme unless 'suitable action' was taken at the APR. The Committee's final report followed the Treasury's line in recommending that subsidies be eliminated on an overall basis, a method of approach which met with Ministerial approval.<sup>61</sup> In discussion Williams, amongst others, pressed his colleagues to reverse their earlier decision to withdraw the fertilizer subsidy in the light of possible effects on the

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59 Presented to the Agricultural Output Committee as AD(49) 14, November 1949, in PRO MAF 38/622.

60 PRO MAF 38/622, December 9th 1949, AD(49) 6th.

61 EPC(50) 2nd, January 9th 1950, in PRO CAB 134/224. The final version of the Agricultural Output Committee report on feed subsidies (AD(49)17, December 29th 1949) was presented to Ministers as EPC(30)7, January 5th 1950, 'The Subsidy on Animal Feeds and the Expansion Programme', memorandum by the Agriculture Ministers, in PRO CAB 134/225.

expansion programme, and particularly on grassland development. In reply Cripps maintained that the abolition of the subsidy was an important part of the Government's anti-inflation programme, and stressed that he could not agree to a continuation of the subsidy in its existing form. He was, however, prepared to agree to the continuation of the subsidy on a restricted basis as part of a scheme to encourage grassland development. MAF eventually agreed upon a scheme which entailed cutting the existing fertilizer subsidy by 50%, and the introduction of new payments designed to encourage the application of fertilizers to grassland and marginal land, and the ploughing up of old grassland. These proposals were approved as part of the final APR settlement in March 1950.<sup>62</sup>

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<sup>62</sup> See CM(50)14, March 23rd 1950, in PRO CAB 128/7. CP(50)45 March 21st 1950, 'The Farm Price Review', memorandum by the Agriculture Ministers, in PRO CAB 129/38.



(ii)

The first formal APR was conducted in February 1945 and was held concurrently with an SPR, occasioned by an increase in the minimum wages paid to agricultural workers. The NFU argued that farmers were being called upon to maintain wartime levels of production in the face of the cumulative effects of adverse wartime conditions. Labour and agricultural machinery were still in short supply and the land had suffered under the heavy wartime cropping patterns.<sup>63</sup> Farmers, the NFU maintained, needed incentives to maintain their efforts and to give them confidence for the future; in the words of the NFU General-Secretary John Knowles 'everything depends on the outcome of the price review so far as farmers' confidence is concerned. This review will be the test'.<sup>64</sup> The NFU saw the restoration of British agriculture to the peak of its wartime prosperity as being the best test of the Government's sincerity, and pressed for an aggregate price increase of £12 million, production costs having risen by £7.6 million.<sup>65</sup>

During the inter-departmental discussions prior to the APR both MAF and the Ministry of Food had argued that, at the very least, full allowance should be made for the wage increase when fixing prices, with the Ministry of Food expressing doubts about the food situation in 1946 and emphasizing the importance of securing the

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63 The NFU warned the Government that if they pressed farmers too hard on acreage, they would have to pay in reduced production.

64 PRO MAF 38/235, February 9th 1945, Minutes of the Third Meeting of the Agricultural Departments and the NFU.

65 PRO MAF 38/235, February 19th 1945, Minutes of the Fourth Meeting of the Agricultural Departments and the NFU.

maximum possible level of food production for the next two or three years.<sup>66</sup> The Treasury was prepared to except an APR settlement in excess of £7.6 million, and Vandeppeer believed that 'justice would be done' if the farmers were offered recoupment of around £10 million.

Vandeppeer was, however, keen to emphasize to the NFU that the Government could not agree to prices being automatically adjusted to cover increases in producers' costs, and that the Government was not prepared to work to a rigid definition of what constituted a 'reasonable' level of income. This, he continued, was something that would have to be decided at each price review.<sup>67</sup> The NFU did not regard £10 million as a 'reasonable and just figure', arguing that the wartime increases in farming income were not comparable with increases in factory workers' wages, as a large percentage of farmers' incomes were reinvested back into the land. The NFU were also keen to stress that producers were 'not primarily concerned with maintaining incomes as such, but with maintaining a high level of productivity'. After further discussion the two sides eventually agreed on an overall figure of £11.8 million, a figure that was subsequently approved by Ministers in March 1945.<sup>68</sup>

At both the 1946 and 1947 APR's price adjustments were made which more than compensated producers for increases in their costs of production, the aim being to

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66 PRO MAF 38/235, February 14th 1945, Note of an inter-departmental meeting on prices.

67 PRO MAF 38/235, February 19th 1945, Minutes of the Fourth Meeting of the Agricultural Departments and the NFU.

68 LP(45) 13th March 7th 1945, PRO CAB 71/19. LP(45)55, March 2nd 1945, 'The Review of Agricultural Prices, February 1945', memorandum by the Agriculture Ministers, in PRO CAB 71/20.

moderate the decline in aggregate net income from its wartime level.<sup>69</sup> At an inter-departmental meeting in January 1946 Vandeppeer emphasized that when dealing with the question of world food prices the Government had to consider them in the context of the world supply situation.<sup>70</sup> It was, he continued, inconsistent to attempt to maintain a high level of production while at the same time to insist, as the Treasury was, on a general reduction in agricultural incomes:

'If efforts similar to those of the war years are required from the agricultural community, then almost by inference the Government is committed to maintaining agricultural incomes'.

Vandeppeer argued that the Government would also have to consider compensating pig and poultry producers for the effects of cuts in their feed rations, after they had been encouraged to expand production on the promise of increased feed supplies. He felt that producers would have a 'strong claim' for compensation and that the Government should give serious consideration to their claims even though, as Vandeppeer himself recognised, it was not 'economically sound' to compensate producers by increasing commodity prices.

MAF's report to Ministers on the 1946 APR emphasized the special and difficult circumstances under which the review had been conducted. The return to a high level

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69 The data collected for the APR showed a downward movement in farm incomes across all types of production, although the largest fall had occurred amongst arable producers.

70 PRO MAF 38/480, February 11th 1946, Minutes of the Second Inter-Departmental Meeting on Agricultural Prices.

of cereal production had involved the modification of the Government's production targets and had adversely effected many producers.<sup>71</sup> The Ministry of Food's main objectives at the APR were to keep the Government's production drive in a reasonable relationship to its net results and to ensure that any price adjustment would be made, so far as was possible, to secure the greatest possible increase in production. However, the Ministry of Food also wanted to ensure that the price award was recognised as a special award to meet special circumstances.<sup>72</sup> To this end an extension of the principle underlying ploughing-up grants was proposed, with producers being paid by results through a new acreage payment payable on any increases in the tillage acreage over its June 1945 level. Although this proposal was not taken up, the existing ploughing-up grant of £2 per acre was extended from land sown down to grass for seven or more years to land sown down to grass for three or more years.

During the inter-departmental discussions on the APR the Treasury, whilst agreeing that it was not feasible to make further reductions in agricultural incomes, had stressed that farmers should be warned that they could not expect to maintain their existing level of income in the long-term and that they should not consider the prevailing level of income as 'a norm around which incomes should fluctuate'. In reply MAF had

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71 LP(46)54, March 2nd 1946, 'The Review of Agricultural Prices, February 1946', memorandum by the Agriculture Ministers, in PRO CAB 132/2.

72 PRO MAF 38/480, February 14th 1946, Minutes of the Third Inter-Departmental Meeting on Agricultural Prices; *ibid.*, February 26th 1946, Note by the Minister of Food. The prices of wheat and oats were to be increased, and the prices of fatstock and eggs increased to offset producers losses owing to cuts in feed rations or the loss of grazing land. The Ministry of Food had initially hoped that cereal prices could be reduced for the 1947 harvest but had recognised that in the changed circumstances this point could not be pressed.

emphasized that they had never implied that any particular figure constituted a satisfactory level of income and that there was no case for a return to a wartime level of net income.<sup>73</sup> During the price review itself MAF had warned the NFU not to become complacent or over-confident, making it clear that increases in costs would not always be reflected in increased prices.<sup>74</sup> Dalton felt that the proposed settlement, an aggregate increase of £15.5 million as against an increase in costs of £13 million in a full year, was 'generous', and while he was not prepared to oppose it in the prevailing circumstances, he reserved the right to insist that agriculture receive less generous treatment in the future. The proposed price increases were likely to provoke further demands for wage increases and Dalton emphasized that any such demands should not be accompanied by automatic adjustments in producers' prices.<sup>75</sup>

The 1947 APR was conducted against a backdrop of Labour's first four-year production programme and the passage through Parliament of the Agriculture Bill. Tom Williams was keen to stress that the 1947 settlement would be seen as an 'index' of the Government's intentions towards the industry. The Bill's passage through Parliament would also be influenced by the reception given to the Government's price award. Figures produced for the APR revealed that aggregate net income had continued to decline between 1945/46 and 1946/47, and the NFU argued that this was 'fundamentally inequitable', given that other groups within the rural community had seen their incomes increase. MAF had dismissed the Union's arguments but felt

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73 PRO MAF 38/480, February 14th 1946.

74 PRO MAF 38/480, February 14th 1946.

75 LP(46) 9th mtg., March 8th 1946, in PRO CAB 132/1.

privately that there was a strong case for reducing the steepness of the decline.<sup>76</sup> Prices were increased by just over £7 million, costs having risen by £5.67 million in a full year. The bulk of the global increase was made up of increases in livestock and milk prices in line with Labour's production programme, although there was a small increase in crop prices for the 1947/48 harvest.<sup>77</sup>

As mentioned above, Dalton was strongly opposed to any automatic adjustment of prices to recoup increased production costs, and the issue was raised again in May 1946 when a wage increase prompted NFU calls for an SPR. MAF believed that the producers were likely to argue that if the 1946 APR had produced a fair settlement, then they were entitled to be fully recouped for the increases in their costs, which MAF estimated to be £25 million in total, of which £20 million represented the increase in agricultural wages.<sup>78</sup> Privately MAF felt that it was 'difficult to see how this argument could be withstood', although they recognised that the Treasury would be opposed to any suggestion of full recoupment.<sup>79</sup> The Agriculture Ministers raised the issue at the end of May, and the Lord President's Committee gave MAF the authority to agree a global figure which would, at most, recoup producers for the increase in their labour costs.<sup>80</sup> MAF met the Ministry of Food and the Treasury on

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76 LP(47)34, February 24th 1947, 'Agricultural Prices' memorandum by the Agriculture Ministers, in PRO CAB 132/7.

77 LP(47) 7th mtg., February 28th 1947, in PRO CAB 132/6. The increase in cereal prices was a one-off measure to compensate producers for under-recoupment at the 1946 SPR, which had been justified at the time in the light of a number of prospective economics which had not in fact occurred.

78 LP(46)129, May 28th 1946, 'Agricultural Prices and Wages', memorandum by the Agriculture Ministers, in PRO CAB 132/3.

79 PRO MAF 38/479, May 21st 1946, Note of a Meeting of the Agricultural Departments.

80 LP(46) 19th mtg., May 31st 1946, in PRO CAB 132/1.

June 21st to discuss the initial offer they would make at the SPR Vandeppeer argued that while the NFU should, as a matter of principle, be told that the SPR could only be concerned with wage increases, the Government had to take a 'general note' of the changes in farming conditions.<sup>81</sup>

The Ministry of Food pressed for a global recoupment of £12.5 million, with greater emphasis within this figure to be placed on wheat and milk at the expense of cattle and sheep, in line with national production needs. Vandeppeer felt that such a figure would not be regarded as a reasonable level of recoupment by the NFU, and he argued against any attempt to change the price relationship between commodities.<sup>82</sup> Vandeppeer suggested that the minimum level of recoupment acceptable to the farmers would be £14 million, and that a figure of £16 million should be regarded as a reasonable final settlement. Predictably the NFU pressed for full recoupment, arguing that other controlled industries were fully recouped for cost increases and that unless agriculture was afforded similar treatment its productive capacity would be impaired.<sup>83</sup>

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81 PRO MAF 38/482, June 21st 1946, Minutes of the First Inter-Departmental Meeting.

82 Vandeppeer was 'prepared to see the farmers go away disappointed, but drastic changes of emphasis at this time would send them away embittered and angry and ..... would completely destroy the industry's confidence in the price-fixing machinery and in long-term policy generally'.

83 PRO MAF 38/482, June 25th 1946, Minutes of a Meeting between the NFU and MAF.

Ministers eventually agreed on a figure for recoupment of £17 million, to be distributed between commodities according to national production requirements.<sup>84</sup> In contrast to the APR settlement most of this sum was to be given in the form of increased arable prices, although a number of special grants were given to compensate producers for shortages of animal feedstuffs.<sup>85</sup> The settlement was eventually imposed on the industry and the NFU continued to press for full recoupment. Tom Williams had told his colleagues that although he thought that the settlement was 'fair and reasonable in all the circumstances', he doubted that the price increases would 'strengthen the hands' of the Agricultural Departments in securing the output required from British farms.<sup>86</sup>

The NFU pressed for an independent review of the whole issue and the principles upon which the conflict rested, criticising the Government for trying to 'interfere in the balance of our agricultural economy'.<sup>87</sup> In reply Williams could only argue that

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84 LP(46)24th mtg., July 5th 1946, in PRO CAB 132/1. See also LP(46) 162, July 2nd 1946, 'The Agricultural Price Review', memorandum by the Agriculture Ministers, in PRO CAB 132/4. MAF had urged the Government to accept a figure of £18.5 million, but Dalton had refused to agree to a settlement on this scale.

85 LP(46) 24th mtg. The special grants included a bonus of 2d. per gallon on milk produced between November and January and a grant of £4 per head for each sow farrowing between August and October 1946. The SPR proposals were presented to the Cabinet in July; Ministers discussed the possibility of compensating producers through an extension of acreage payment principle, but it was eventually agreed that such a course of action would be 'inexpedient'. CM(46)67, July 11th 1946, in PRO CAB 128/6.

86 LP(46)162.

87 At LP(46) 27th mtg., July 1946 (PRO CAB 132/1) Ministers agreed that a request by the NFU for the SPR to be re-opened had to be turned down. The NFU President, James Turner, later wrote to Tom Williams, calling for a review of the whole issue by a 'specially constituted body' (PRO MAF 38/479, July 23rd 1946, Turner to Williams). The letter was later circulated to Ministers as LP(46)210, July 30th 1946, 'Farm Prices', memorandum by the Minister of Agriculture (PRO CAB 132/4). Williams believed that 'justice had been done', and was supported in his pledge to stand firm on the policy that had previously been approved. LP(46) 29th mtg., August 2nd 1946, in PRO CAB 132/1.



justice had been done, and resist Union calls for an independent investigation. Williams also stressed that it was an essential feature of Government policy that prices were fixed in relation to the nation's food needs and the world supply situation.<sup>88</sup> William's words had little effect, however, and by August 1946 Labour was facing what the Press described as a 'farmers' revolt'. A withdrawal of farmers' representatives from the CAEC's had been threatened and in a few areas District Committees had already suspended their activities. A number of farmers had even suggested withholding grain from the market if the NFU gave their approval.<sup>89</sup> On August 16th Williams wrote to Attlee seeking his approval to re-open the SPR negotiations, with the possibility of the Government granting the industry a further increase in prices. The Cabinet was too busy with other issues to allow Williams' suggestion to be discussed fully and so Attlee gave Williams his personal authority to re-open the SPR, and to discuss with the NFU any 'anomalies' arising from the APR procedure.<sup>90</sup>

The results of these discussions were submitted to Ministers in November 1946.<sup>91</sup> Williams emphasized that the Government had only just avoided 'a crisis of major national and political importance' and that the efforts required from UK farmers would

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88 'The Government would be failing in their duty to the nation and would, I am sure, have been criticised by the NFU's if they had not made adjustments in prices appropriate to the requirements of the nation and to the tasks which they are asking the farming industry to fulfill'. PRO MAF 38/479, August 1946, MAF Press Notice (MAF 1702).

89 See, for example, The Farmer and Stockbreeder, July 30th and August 13th 1946.

90 PRO PREM 8/1311(i), August 16th 1946, Williams to Attlee; ibid., Attlee to Williams, August 16th 1946.

91 LP(46)257, November 4th 1946, 'Agricultural Prices', memorandum by the Minister of Agriculture, in PRO CAB 132/5.

only be forthcoming if they were satisfied that they had a bona fide guarantee of economic stability. The APR, he continued, was designed to provide a reasonable level of profitability and stability for the ensuing year, and implicit in this was the assumption that there should be no change before the next APR. Therefore the principle of automatic recoupment at SPR's was, in his view, 'both logical and just'. The Lord President's Committee approved the MAF proposals, although the Agricultural Departments were instructed to emphasize the differences in principle between the APR and the SPR.<sup>92</sup>

Dalton argued that full recoupment would not increase the efficiency of the industry, a point taken up by Bevan who argued that the best tests of efficiency were price cuts rather than the 'policing' functions of the CAEC's, and both men warned of the dangers of the principle of automatic adjustment spreading to the APR. They also suggested that MAF should follow the Board of Trade's example in only granting a maximum of 80% recoupment. Williams could not accept this principle but agreed to participate in an inter-departmental review of price-fixing machinery.

The report on price-fixing was finally presented to Ministers in January 1947 and compared the price-fixing machinery operating in agriculture with that in other industries, supporting the principle of full recoupment at the SPR.<sup>93</sup> Cripps, at that time President of the Board of Trade, felt that there was no reason why increases in agricultural wages should necessarily be followed by corresponding increases in

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92 LP(46) 37th mtg., November 8th 1946, in PRO CAB 132/1.

93 LP(47)20, January 19th 1947, 'Methods of Price Fixing in Agriculture and Other Industries', memorandum by the Agriculture Ministers, in PRO CAB 132/7.

agricultural income, and added that he hoped that the wartime practice of generous financial inducements for the production of particular crops would not be continued indiscriminately. Williams emphasized that not every wage increase would be followed by an SPR. While acknowledging that there was no desire to challenge APR principles, Dalton told Williams that MAF would be expected to do its utmost to fix agricultural prices at reasonable levels. Subject to these points the report was approved.<sup>94</sup>

After the 1948 APR the Agricultural Departments argued that the prices that had been fixed at the time of the launch of the expansion programme should be reaffirmed, covering crops from the 1948/49 harvest and livestock products to March 31st 1949. The NFU had accepted the settlement as meeting the requirements of the 1947 Act for that year. The Treasury view was that these prices should not be reaffirmed without some consideration being given as to how far production, and particularly livestock production, had fallen short of the August 1947 targets. As was indicated in Section (i), the Treasury were concerned that Government decisions should be in keeping with the white paper on incomes, costs and prices. In reply, MAF argued that the price increases had been given on the understanding that they would not be adjusted at the next APR, unless they were found to be grossly extravagant. Production had been hit by the 1947 drought, and MAF believed there was no evidence that prices were

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94 LP(47) 3rd and 4th mtgs., January 24th and February 4th 1946, in PRO CAB 132/6.

excessive. This was the view taken by Ministers, who agreed that the August 1947 price schedule should be reaffirmed.<sup>95</sup>

The 1949 APR was intended to secure an aggregate net income of £250 million in 1949/50, with a £10 million reduction from the level reached in 1948/49. This figure was made up of the aggregate net income in the base year of the expansion programme, £204.5 million, the £40 million capital injection which accompanied the launch of the programme and £5.5 million representing the profit accruing to farmers' from their increased output. Ministers had initially authorised MAF to negotiate a £15 million reduction in aggregate net income, but the NFU would only accept a figure of £10 million. The Agriculture Ministers argued that the APR had to be seen in the context of the 'difficult task' the Government had set the industry, a task that was a vital feature of the long-term programme submitted to the OEEC.<sup>96</sup> This APR was also the first to be conducted since Part One of the 1947 Act had come into operation and so would be regarded as a test of Government's sincerity by the industry. The Agriculture Ministers argued that:

'The achievement of this task will tax all the resources of the industry and can only be accomplished if not only it's leaders but also the rank and file co-operate whole heartedly'.

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95 See PC(48) 33, March 10th 1948, 'Agricultural Prices', memorandum by the Agriculture Ministers, in PRO CAB 134/637. PC(48) 5th and 6th, March 12th and 19th 1948, in PRO CAB 134/636.

96 PC(49)14, February 2nd 1949, 'The Agricultural Price Review', memorandum by the Agriculture Ministers, in PRO CAB 134/641. See also PC(49) 4th mtg., February 2nd 1949, in PRO CAB 134/640.

However, in February 1950 it was estimated that aggregate net income for 1949/50 was likely to be at least £280 million and the Treasury began to express its dissatisfaction with both the methods of calculation used at the APR and the growth in agricultural incomes.<sup>97</sup> In the words of one Treasury official it was 'a waste of time to fix the global net income on any pseudo-scientific basis, for the simple reason that all the basic data are unreliable'. Whether the high level of aggregate net income in 1949/50 was due to a miscalculation or to considerable increases in efficiency, the Treasury argued that farm incomes should be substantially reduced and it was finally agreed that the APR should be opened on the basis of a target net income for 1950/51 of £250 million.<sup>98</sup> This figure was grudgingly accepted by the Agricultural Departments as a starting point for the negotiations. This was satisfactory to the Treasury although they felt that MAF should be made to realise that they would be expected to make a serious attempt to reach an agreement on the suggested basis.<sup>99</sup> MAF had suggested a figure for net income for 1950/51 of £261 million, which would still have left farmers to bear almost half of the estimated increase in costs. In suggesting this figure the Agriculture Ministers had emphasized the importance of gaining 'at least the tacit, if reluctant, acceptance by the farmers' leaders of the final decision'.<sup>100</sup>

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97 PRO T223/61, February 2nd 1950, Fisher to Croome.

98 CM(50)8, March 6th 1950, in PRO CAB 128/15. See also CP(50)24, March 2nd 1950, 'The 1950 Farm Price Review', memorandum by the Agriculture Ministers, in PRO CAB 129/33. The issue was further discussed by the Agriculture Ministers together with the Ministry of Food and the Minister of State for Economic Affairs, and it was agreed that the APR should proceed on the basis of a figure for aggregate net income for 1950/51 of £250 million. The decision was communicated to Ministers at the next Cabinet meeting (CM(30)9, March 9th 1950, in PRO CAB 128/15).

99 PRO T223/61, March 8th 1950, memorandum by W.H. Fisher.

100 CP(50)17, February 2nd 1950, 'Agricultural Prices and Feedingstuffs Rationing', memorandum by the Agriculture Ministers, in PRO CAB 129/38.

During the APR negotiations MAF outlined to the NFU the factors that would 'vitally effect' the eventual outcome of the review. The Government was nearing the end of Marshall Aid with the 'dollar gap' still to be filled, and so there was a need for the utmost economy in Government expenditure. The aim, MAF emphasised, was to keep the cost of living stabilised and to pursue the policy laid down in the white paper on personal incomes, which applied to farmers' incomes no less than to the incomes of other sections of the community, a fact that the NFU itself had recognised. Good progress had been made with the expansion programme and this suggested to MAF that the prevailing level of profitability was sufficient to achieve the desired results.<sup>101</sup> The point had been reached, R.H. Franklin told the NFU, where the Exchequer could no longer countenance any increase in subsidy expenditure and this implied a need to curb agricultural prices, particularly as from an economic and financial standpoint the country was in a worse position than it had been in 1949. This fact had to be recognised by all responsible sections of the community, and MAF believed that the process had to begin as soon as possible or else a 'sharp and substantial' reduction in incomes would be unavoidable.

Not surprisingly the NFU rejected a £250 million settlement but agreement was eventually reached on an aggregate net income figure of £261 million, the figure MAF had suggested in the discussions prior to the APR. The settlement for 1950/51 involved price increases totalling £12.25 million and the payment of various short-term grants and subsidies totalling £7 million; the latter were intended to encourage the use

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<sup>101</sup> PRO T223/16, March 1st 1950, Minutes of a Meeting between the Agricultural Departments and the NFU.

of fertilizers on grass or marginal land.<sup>102</sup> The settlement still left the farmers to bear almost 2/3 of the estimated increases on costs themselves. The Treasury had hoped for a reduction in aggregate net income of between £35 and £40 million,<sup>103</sup> while the NFU had initially pressed for price increases totalling some £30 million.<sup>104</sup> The Agriculture Ministers advised their colleagues to accept the proposed settlement and R.F. Bretherton, speaking for the Economic Section, suggested that it was the best that could be hoped for in the circumstances.<sup>105</sup> The NFU had made it clear that a lower figure would not be acceptable and Bretherton suggested that the Government should avoid imposing a settlement on the industry. The settlement was subsequently approved by the Cabinet on March 23rd 1950.<sup>106</sup> In 1951 the Cabinet approved agricultural price increases totalling £32 million, including an £11.25 increase in the price of wool, against an increase in costs of £53.5 million.<sup>107</sup> The Ministry of Food had initially held out for a settlement totalling at most £21.5 million. MAF had, however, regarded this figure as only providing a starting point for the APR negotiations, and had argued that the review negotiations would break down if the Ministry of Food's figure was presented as the upper limit of the Government's offer.<sup>108</sup> Williams advised his colleagues that unless an offer of at least £30 million

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102 CP(50)45, March 21st 1950, 'The Farm Price Review', memorandum by the Agriculture Ministers, in PRO CAB 129/38.

103 To produce an aggregate net income of £233 million in 1950/51.

104 See, for example, PRO T223/61, February 2nd 1950, Fisher to Croome; ibid., March 9th 1950, Minutes of a Meeting between MAF and the NFU.

105 PRO PREM 8/1311 (i), February 6th 1950, Note on CP(50)17.

106 CM(50)14, March 23rd 1950, in PRO CAB 128/17.

107 CM(51)22, March 22nd 1951, in PRO CAB 128/19.

108 See EPC (51) 4th Mtg., February 27th 1951 in PRO CAB 134/228. The Ministry of Food initially suggested a global figure for recoupment of £21.5 as the maximum that should be given, but eventually this figure was increased to £25 million. MAF had initially suggested recoupment of £33.5 million. See EPC(51)24, 1951, 'The Farm Price Review', the Minister of Agriculture and the Secretary of State for

was made there was no way of avoiding a break with the NFU. In reply the Minister of Food, Maurice Webb, argued that the disadvantage of such a break could be over-estimated, and emphasised that any increase above £25 million would have to be added to retail prices. Gaitskell felt that Webb was right in principle but felt that if negotiations were to break down he would prefer to justify the Government's case by pointing to a settlement of £30 rather than £25 million.

Substantial increases in production had been secured and it would be foolish, Gaitskell believed, to jeopardise further progress by a serious dispute with the farmers. Some Ministers, however, felt that production had not increased commensurately with profits; Bevin, for example, felt that the increase in production had 'not been as great as the country might reasonably have expected'.<sup>109</sup> The Cabinet authorised the Agriculture Ministers to offer a £30 million price increase as a 'last resort', but MAF were unable to secure an agreement with the NFU on this basis. 'Every effort' had been made but to no avail, although Sir James Turner had given Williams his personal assurance that his members would accept £32 million, and Williams argued that unless this small adjustment was made a breakdown in the SPR was inevitable. Despite opposition from the Ministry of Food the Cabinet improved the increase in the APR settlement.<sup>110</sup>

Tables One and Two give figures for the estimated annual output, income and expenditure of UK agriculture, while Table Three gives data for the estimated

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Scotland, in PRO CAB 134/229.

109 CM(51)21, March 19th 1951, in PRO CAB 128/19.

110 CM(51)22, March 22nd 1931, in PRO CAB 128/19.



increases in annual output. The total cost of Exchequer grants and subsidies increased from £324 million in 1946/47 to £400 million in 1950/51, although at its peak in 1948/49 subsidy expenditure reached £484 million. Concern at this high level of expenditure led to a ceiling being placed on subsidy expenditure, and at the suggestion of the Agricultural Output Committee a number of adjustments were made in the expansion programme.<sup>111</sup> By the early 1950's increased supplies of a number of commodities were becoming available from soft currency sources, and devaluation had altered the price relationship between home-produced and imported agricultural produce; the latter provided a good opportunity for relative prices to be allowed to determine the pattern of domestic production. This would, in turn, free resources that could be used to increase the production of dollar saving commodities or those in which the UK enjoyed a comparative advantage.

Writing in 1948 Peter Self argued that as the world was quite liable to 'collapse into conditions of economic insanity', it was a 'necessary prudence' to reduce the country's economic vulnerability by growing increased quantities of food at home.<sup>112</sup> Full employment and social security provision would increase the potential demand for food in the UK to a level much higher than had existed before the war. However, Self also believed that such a policy could not be pursued without any regard to its cost.

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111 See Chapter VI.

112 Peter Self, 'A Policy for Agriculture', The Political Quarterly, Vol. 19 (1948), p.143.

'There may come a point when the rising cost of British in relation to imported food, and the consequential sacrifice involved on the taxpayer or consumer (or both), puts a heavy strain on the export trades .... and threatens the very stability of the economy which the programme is designed to support.'

When the launch of the expansion programme was being discussed by the Lord President's Committee a number of Ministers questioned the wisdom of the Government committing itself to such an extensive programme, which it was argued might absorb more resources than the country could afford. As we have seen, as early as March 1946 Douglas Jay was questioning what he regarded as the Government's policy of unlimited price and subsidy increases. The Agricultural Output Committee's 1950 report was a recognition of the fact that in the case of certain commodities at least, the cost of UK production and of any further expansion was excessive in relation to import price levels. Although the Treasury, together with CEPS, were the strongest advocates of the launch of the £100 million expansion programme,<sup>113</sup> from the very outset they were determined to keep as tight a rein as possible on Exchequer expenditure, as was demonstrated at the 1948 APR.

In an article published in the Three Banks Review in December 1953, J.R. Raeburn argued that, on the basis of the data contained in Tables One, Two and Three, the expansion of output under the programme had been worthwhile up to 1951/52, as had

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113 See Chapter III.

the industry's performance as a dollar saver in the post-war period.<sup>114</sup> At August 1953 c.i.f. values and 1953/54 UK prices £117 million more foreign exchange was being saved in 1952/53 than at the end of the war. The expansion programme was, as figures produced by E.H. Whetham suggest, successful in generating physical investment in the industry.<sup>115</sup> Table Four gives data on farmers' expenditure, and reveals the changes in costs and the cost structure that occurred in the post-war period. Figures for bank advances to the industry reveal that in the post-war period 13% of 'tenant's capital' was borrowed from banks, as compared with 17% in the pre-war period.<sup>116</sup> Raeburn, however, also believed that further expansion on the lines of the August 1947 programme would not be economic, and that changes in supply conditions and consumer demand required substantial alterations in the composition of domestic output, both in the national interest and in the long-term interest of the industry itself.<sup>117</sup>

Raeburn's assessment of the value of the expansion programme has to be set against the programme's own shortcomings,<sup>118</sup> the problems the Government and the industry faced after 1951, and the failure of successive Governments to deal with the industry's underlying structural problems. MAF, and ultimately the Government as a whole, were largely unwilling to 'hard-bargain' with the NFU, with Williams at pains

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114 J.R. Raeburn, 'Agricultural Policy : Some Economic Results and Prospects' The Three Banks Review No. 20, December 1953.

115 E.H. Whetham, 'The Agricultural Expansion Programme', JAE, Vol. XI. No.1, June 1954, p.317.

116 J.R. Raeburn, op. cit., p.

117 ibid.

118 See Chapter VI.

to stress the importance of gaining Union recognition of any price settlement and the dangers that any serious disagreement would pose to the success of the expansion programme. Williams was also clearly unwilling to do anything that would have jeopardised his standing as the 'farmers' friend'. Ministers were generally swayed by Williams' arguments and also, particularly after 1949, by the belief that Labour could make considerable and perhaps crucial gains in rural constituencies.

Increased efficiency and reduced costs were the key to the problems outlined in the Agricultural Output Committee's report,<sup>119</sup> but the structure of the industry, with a large number of small and relatively inefficient and under-capitalised farms, acted as a brake to any attempt to increase the overall cost-efficiency of British agriculture, a problem the APR system did nothing to alleviate. The NFU were unwilling to see their industry absorb more than a small proportion of the increase in its costs,<sup>120</sup> with the Government giving in to the Union on the question of SPR adjustments, although the pressure on the industry to absorb an increasing proportion of its costs did increase over the post-war period. The NFU fought hard to retain the gains their members made after August 1947 and were largely successful; in aggregate terms the gains made under Labour were retained by producers in 1950's, although in real terms the total value of farmers' earnings probably declined, if changes in the value of money are taken into account.<sup>121</sup> Although in general the industry enjoyed a degree of financial stability after 1951, producers of particular commodities, and small

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119 See Chapter VI.

120 Whetham op. cit., estimates that the industry's aggregate costs increased from £425 million in 1946/47 to £830 million in 1951/52, mainly through wage increases.

121 See Self and Storing, op.cit., p.87.

producers generally, enjoyed considerably less stability, as E.H. Lloyd's figures for bankruptcy show.

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The freeing of the industry from controls and rationing served to reveal the dependent state of British agriculture when forced to compete with imported produce, and the prosperity of the industry could only be maintained by direct subsidies. As mentioned in the introduction decontrol brought with it measures designed to curb the production of any commodity which incurred a heavy subsidy, and the products most effected by this policy were pigs, milk and eggs, where over-production stemmed, at least in part, from the policies pursued by Labour.<sup>122</sup> The price of eggs had been an issue at the 1949 APR. The MAF report on the price review had recommended a price increase of 1d per dozen, the full amount asked for by the NFU.<sup>123</sup> This was opposed by both Cripps and Strachey, with the latter arguing that the money should be used to ensure that the 1949/50 pig and potato targets were met. It was likely that the output of eggs in 1949/50 would be in excess of the target figure and so the national interest, Strachey argued, would be best served by increases in the prices of the other commodities.<sup>124</sup>

The matter was subsequently taken up by the Production Committee. Tom Williams stressed that the NFU had only agreed to the proposed global settlement on the understanding that the prices of individual commodities would be adjusted as agreed

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122 As Self and Storing argue, the problem was not so much one of excessive or unforeseen foreign competition, rather the encouragement of production at what proved to be unrealistic prices. ibid., p.72.

123 PC(49)32, March 8th 1949, 'The Annual Price Review', memorandum by the Agriculture Ministers, in PRO CAB 134/641.

124 PC(49)33, March 10th 1949, 'The Annual Price Review : Egg Prices' memorandum by the Minister of Food, in PRO CAB 134/641.

at the price review, and he argued that it was preferable to accept the one penny increase rather than risk jeopardising the agreement which would force the Government to impose a settlement.<sup>125</sup> In reply Strachey argued that a point of principle was involved. If the Government's policy was to stimulate production through the price mechanism, then surely the Government had a right to change the emphasis on particular commodities to meet national production requirements. There was already a considerable gap between the prices of home produced and imported eggs, and any price increase would widen this gap still further, and would not be in the long-term interests of producers in the industry as a whole.<sup>126</sup> However, it was eventually agreed that it was 'not unreasonable' to increase prices for 1949/50, although producers were to be warned that in the long-term prices would have to be substantially reduced. MAF pressed for a further increase of one penny per dozen at the 1950 APR, arguing that it would be difficult to avoid making some increase. Both the Treasury and the Ministry of Food opposed the increase, a stance that was supported by the Cabinet.<sup>127</sup>

MAF and the Ministry of Food clashed over egg and milk prices at the 1951 APR. The Ministry of Food's proposed settlement made no provision for the recoupment of the increased costs of milk producers and only provided for the recoupment of a small proportion of the increase in the costs of egg production. The Government was facing

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125 PC(49) 7th mtg., March 11th 1949, PRO CAB 134/640.

126 ibid.

127 See, for example, a memorandum on CP(50)24 by W.H. Fisher in PRO T223/61, March 4th 1950; ibid., February 28th 1950, Minutes of the First Inter-Departmental meeting. By 1950 the Ministry of Food were beginning to press for quantitative limits on milk and egg production, as well as reductions in the schedule of minimum prices. See PRO T223/61, March 3rd 1950, Feavearyear to R.H. Franklin.

a growing surplus of production and an increasing financial burden, and the Ministry of Food felt that any further expansion should be checked, even if this meant running the risk of a fall in output.<sup>128</sup> The Agricultural Departments could not accept the Ministry of Food's suggestions, arguing that the industry paid more attention to individual commodity prices than to the global figure for recoupment. If it was felt that certain important commodities had been treated 'unfairly' production would be affected out of all proportion to the actual level of under-recoupment.<sup>129</sup> The treatment afforded milk and eggs would also be taken as a symbol of the Government's attitude to other commodities in the future.

The failure to give milk producers any recoupment would, MAF argued, be the cause of a definite setback in milk production, rather than simply a check to expansion, and there were signs that this had already occurred with egg production. MAF wanted milk and egg producers to be recouped by £12.5 million, as opposed to the Ministry of Food's suggested figure of £1.6 million, with £8 million for milk producers and £4.5 million for egg producers. The Cabinet eventually approved the MAF proposals, although the Government also recommended a 'damping down' of milk production.<sup>130</sup> The NFU expressed disappointment at the treatment afforded eggs and milk at the APR, as milk producers were left to deal with half of the increase in their costs themselves.<sup>131</sup>

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128 See EPC(51)17, February 23rd 1951, a Note by the Chancellor of the Exchequer covering the Agricultural Output Committee report on the APR, in PRO CAB 134/229.

129 EPC(51)17.

130 Annual Review and Fixing of Farm Prices, 1951, Cmd 8239 (1951), p.5.

131 The costs of milk production had increased by an estimated 3d. per gallon, and the 1951 APR settlement increased the price paid to producers by 1.3d. per gallon.



When milk had been discussed at the inter-departmental talks prior to the 1950 APR the Treasury had suggested a reduction in prices, but MAF had felt that such a course of action would be unrealistic and that further expansion could be prevented by under-recoupment. Vandepeer argued that there had to be some adjustment of prices to encourage the production of milk in winter, although the overall trend in production suggested a figure for recoupment of at most 3/4d. per gallon, compared to an increase of 2d. in production costs.<sup>132</sup> It was eventually agreed that MAF would begin their talks with the NFU on the basis of an increase of 1/2d., with the possibility of increasing this to 3/4d. An increase of 7/8d. per gallon was finally agreed upon, with a winter bonus for small producers.<sup>133</sup>

As was mentioned in the introduction, the cuts in Exchequer expenditure on agriculture that followed decontrol hit the small producer particularly severely; while prices and subsidies were increasing small farmers were assured of a reasonable level of income, without having to be particularly efficient. When these trends were reversed, however, they were unable to make the sorts of economies and technical improvements available to larger producers, and so found themselves in an increasingly difficult financial position. The APR system was constructed on a basis of 'undiscriminating aid to farmers generally'<sup>134</sup> and no consideration was given to the special problems facing small producers or to the structure of the industry as a whole, an issue which had occupied the thoughts of agriculturists in the inter-war

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132 See PRO T223/61, February 28th 1950, Minutes of the First Inter-Departmental meeting.

133 See CP(50)45, March 21st 1950, in PRO CAB 129/39; CM(50)14, March 23rd 1950, in PRO CAB 128/17.

134 Self and Storing, op. cit., p.84.

period.<sup>135</sup> The first measures designed to give special assistance to small producers were introduced in 1959 under the Small Farmer Scheme, which offered financial assistance to producers whose holdings had the potential to become economic concerns. However, only £9 million, 3% of total agricultural expenditure in that year, was allocated to the scheme,<sup>136</sup> and those producers whose holdings did not have this potential were left to muddle along as best they could, or to go out of business altogether.

After decontrol an increasing proportion of Exchequer expenditure was given in the form of direct subsidies on fertilizers, field drainage and the ploughing-up of grassland. While this was more likely to be conducive to increasing efficiency than a reliance on the price mechanism, it did little to reduce the wide divergences in incomes and standards between producers, as the larger, more successful farmers would use more fertilizer and plough up more grassland than their smaller colleagues. The wide divergences in producers' incomes can be seen in Table Five. A similar state of affairs exists in British farming today, in the wake of attempts to reduce the cost of the Common Agricultural Policy and over-production within the EEC. Dairy farmers, particularly those in the Welsh hills and the South-West, have suffered particularly severely under the milk quota scheme. Once again small producers lack the financial resources and the scope to introduce modern management techniques and technical improvements, and have only limited access to credit from the banks.<sup>137</sup>

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135 See the Introduction.

136 Assistance for Small Farmers, Cmnd 553 (1958).

137 Part of the current Government's answer to the problem of over-production in the UK was embodied in the Agriculture Act 1986, which authorised the Agriculture Ministers to set up environmentally sensitive areas in which farmers would be paid to preserve the

Thus the wide divergence in incomes and standards remains a central problem for British agriculture. The heterogeneity of agricultural producers in the UK was identified in the 1930's as one of the factors inhibiting the growth of progressive marketing techniques, as compared to Holland or Denmark.<sup>138</sup> In this period a number of agricultural economists advocated the reconstruction of British farming on a large scale and more efficient basis. In The Future of Farming, published in 1930, C.S. Orwin argued against legislation which simply, in his words, 'patched up an old garment', and instead advocated policies which he believed would 'clothe the countryside in a new vestment'.<sup>139</sup> These included the aggregation of small farms into single, large scale units, which would allow greater scope for the use of machinery and opportunities for economies of scale. A Daniel Hall recommended that the State assume ownership of all agricultural land and divide it up into units of a size suitable for the application of modern farming methods.<sup>140</sup> In British Agriculture Astor and Rowntree argued that while wholesale structural change would be both impracticable and uneconomic the industry would benefit from the 'gradual regrouping of farms into larger units'. They argued for the setting up of 'Land Improvement Commissions' to acquire land which required major capital improvements, as a precaution to wider state control of the industry.<sup>141</sup>

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countryside.

138 See Chapter V.

139 C.S. Orwin, The Future of Farming (1930).

140 A.D. Hall, Reconstruction and the Land (1942)

141 Astor and Rowntree, British Agriculture : The Principles of Future Policy (1939).

Without some form of State action any structural change within the industry was likely to be, in the words of Peter Self, 'piecemeal and faltering'.<sup>142</sup> As Lloyd's figures show a large number of producers were forced out of the industry through bankruptcy in the 1950's, and so Conservative policies, albeit indirectly, brought about a degree of restructuring. Nationalisation was a key element in Labour's inter-war agricultural policy, and in the early 1940's Attlee was still arguing that 'without common ownership of the land there can be neither efficient planning nor an efficient agricultural industry'.<sup>143</sup> Labour envisaged the creation of a central planning authority, the 'National Agricultural Commission', which would draw up a national plan for the industry. The new Commission's powers would largely be delegated to County Agricultural Committees, and the latter would encourage experiments with large scale and collective farming enterprises.<sup>144</sup> In Let Us Face the Future the Party could still claim that Labour believed in nationalisation and would work towards it, but by the early 1950's it was clearly a dead issue. At the 1945 Party Conference, Herbert Morrison, replying to criticism of the Party's policy on the land, argued that:

'This is a five-year programme, and if we try at one blow to nationalise the land we shall be faced with the vast problem of the universal valuation of every plot of land in this country'.<sup>145</sup>

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142 Peter Self, op. cit., p.146.

143 Attlee speaking to Ritchie Calder, dated 1941/42, in M.S. Attlee dep.4.

144 See Labour Party, Report of the Thirty Second Annual Conference (1932) and The Land and the National Planning of Agriculture (1932). See also Tom Williams, Labour's Way to Use the Land (1935).

145 The Labour Party, Report on the Forty-Fourth Annual Conference (1945), p.91.

By 1953, however, George Brown, formerly Williams' Parliamentary Secretary, was arguing that Labour no longer needed the powers that nationalisation would bring, as adequate powers were already available under the 1947 Act.<sup>146</sup>

Even without nationalisation Labour had another tool for structural change in the Agricultural Land Commission, which could have been used to purchase land and reorganise the individual units therein onto a more efficient, large-scale basis. However Labour made little real use of the Commission; by 1955 it had only acquired 1/4 million acres of land, the majority of which had suffered long-standing neglect and so required a large amount of capital expenditure simply to return it to good health. Much of the land acquired did not yield an economic return.<sup>147</sup> Greater increases in both output and productivity could have been achieved if, rather than concentrating on marginal and derelict land, Labour had used the Commission as an instrument of structural change within the industry. The CAECs could have been used to encourage greater co-operation between farmers through an extension of the principles behind the Committees own machinery and labour pools.

However, it is likely that if Labour had attempted to use the Commission for this purpose, the NFU would have accused the Government of trying to introduce nationalisation through the back door, and this would almost certainly have provoked a serious argument with the NFU, at a time when Williams was keen to retain the

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146 See the Labour Party, Report of the Fifty-Second Annual Conference (1953), p.143.

147 H.T. Williams, Principles for British Agricultural Policy (1960), p.55. In 1956 it was recommended that the Commission should be disbanded.

industry's support and confidence. In the immediate post-war period other more pressing issues, and in particular the need to maintain production on a wartime footing, forced nationalisation to the bottom of Labour's political agenda. The need for maximum levels of food production could not have been squared with a policy likely to both physically disrupt food production and, given the NFU's opposition to State ownership, lead Labour into a potentially damaging political battle with the industry. By the early 1950's the political considerations attached to the whole issue of nationalisation had become the deciding factor in Labour's attitude to state ownership of the land.

This chapter has set out to detail both the general economic and specifically agricultural factors that influenced Labour policy at the price reviews, and to show the extent to which the Treasury, a supporter of the principle of the expansion programme, fought to restrain the cost to the Government of increased production. Once a ceiling had been placed on subsidy expenditure, the Ministry of Food also became concerned with the mounting cost of the programme to the Exchequer. As was argued above, MAF were unwilling to hard-bargain with the NFU or to impose a settlement on the industry, and the Cabinet were in general swayed by Williams' arguments, and by the spectre of the failure of the expansion programme. It was only when expansion ceased to be the overriding aim of agricultural policy that the Treasury could begin to exert any real pressure on agricultural expenditure. As this chapter has shown, the price discussions within the Cabinet were often as, if not more, heated than those between the NFU and MAF. Even if we accept J.R. Raeburn's assessment of the value of the expansion programme, this and later chapters show that the achievements

of the programme have to be set against the problems the Government and the industry faced after 1951, and the inability of both Labour and Conservative Governments to tackle the industry's fundamental problems in a positive and rational way.

**Table One**

**ESTIMATED OUTPUTS AND TOTAL INCOME**  
**Agricultural holdings : United Kingdom**

ITEM	Pre-war period	1952	1951- period	End-of- Pre-war period	1952	war 1953*	1951- 1952-
	£ million at pre-war prices			£ million at 1951-52 prices			
Wheat and rye	8.4	14.8	23.7	49.3	42.5	39.4	
Barley	5.4	12.0	21.6	44.9	47.9	49.3	
Oats, mixed corn	3.3	2.2	11.2	12.7	7.7	7.7	
Potatoes	14.8	24.3	37.2	73.7	61.1	62.3	
Sugar beet	5.1	7.7	16.3	19.7	24.6	23.4	
Fruit, vegetables	25.3	36.1	69.3	96.1	93.6	90.2	
Other crops, sundry	15.8	15.2	49.3	40.6	47.1	45.4	
Total crops	78.1	112.3	228.6	337.0	324.5	317.7	
Beef, veal	41.5	44.0	112.7	99.0	119.3	111.9	
Mutton, lamb	16.7	12.4	55.2	39.3	41.0	47.8	
Pig meat, stores	28.6	29.2	118.0	42.8	123.4	153.8	
Eggs and poultry	38.8	45.1	124.4	77.8	144.3	145.0	
Milk and milk products	80.3	108.9	219.3	242.3	299.5	305.1	
Other stock products	5.1	3.4	28.6	20.3	21.6	21.6	
Total stock products	211.0	243.0	658.2	521.5	749.1	785.2	
Total current output	289.1	355.3	886.8	858.5	1073.6	1102.9	
Inventory changes, crops, stock	-0.2	+4.6	-0.5	-10.5	+14.3	+14.1	
Total income	288.9	359.9	886.3	848.0	1087.9	1117.0	



**Table Two**

**ESTIMATED ANNUAL INCOME AND EXPENDITURE**

**Agricultural holdings : United Kingdom**

Item	Pre-war period	1951- 1952	Pre-war period	End-of- war period	1951- 1952
	£ million at pre-war prices		£ million at 1951-52 prices		
Income	289	360	88	848	1088
Expenditures less subsidies paid to farmers	199	227	682	630	701
Difference Of which for:-	90	133	204	218	387
Gross rent	39	41	50	51	53
'Tenants' capital' at 5 per cent	17	24	48	61	65
Other returns to farmers	34	68	106	106	269

Source : J.R. Raeburn,  
Three Banks Review  
(December 1953)

**Table Three**

**ESTIMATED INCREASES IN ANNUAL OUTPUTS AND  
TOTAL INCOME**

**Agricultural holdings : United Kingdom**

	Pre-war to end-of-war period	End-of-war period to 1951-52	1951-52 to 1952-53	Pre-war to 1952-53
	£ million at 1951-52 prices			
Grains	50	-9	-2	39
Potatoes	-13	1	24	36
Fruit, vegetables	27	-2	-3	22
Beef, veal, mutton, lamb	-30	2	-1	-9
Pig meat	81	30	36	75
Eggs, poultry	-46	67	1	22
Milk and milk products	23	57	6	86
Other Products	-13	12	-3	-4
Inventory changes	-10	25	0	15
Total income	-38	240	29	231

Source : J.R. Raeburn  
Three Banks Review  
(December 1953)

**Table Four**

**ESTIMATED EXPENDITURE FOR AGRICULTURE**

**United Kingdom**

Item	Pre-war period	1951- 1952	Pre-war period	End-of- war period	1951- 1952
	£ million at pre-war prices		£ million at 1951-52 prices		
Labour	66	67	244	314	249
Machinery	15	54	34	73	122
Feedingstuffs	71	44	285	79	174
Fertilisers	8	25	20	44	60
Seeds, imported	4	8	15	23	29
Livestock imported	15	12	40	32	33
Other	23	33	49	7	72
Total paid by farmers	202	243	687	641	739
Subsidies on goods and services used for production:					
Paid to farmers	3	16	5	11	38
Other	11	10	26	60	22

Source : J.R. Raeburn,  
Three Banks Review  
(December 1953)

Table Five

DISTRIBUTION OF FARMS BY SIZE OF NET INCOME,  
ENGLAND AND WALES

Net income per farm	1941-42 1,792 farms, average net income, £1,063	1947-48 2,890 farms, average net income, £531
"Losses"	%	%
£201 or more	1.3	11.0
£ 1 to 200	2.5	8.9
"Profits"		
£     0     to   200	7.6	15.3
£   201   to   400	13.0	18.1
£   401   to   600	14.2	13.5
£   601   to   800	14.3	10.0
£   801   to 1,000	9.8	6.5
Over £1,000	37.3	16.7

Source : E.F. Nash,  
Lloyds Bank Review  
No. 41, July 1956.

## 'AGRICULTURAL MARKETING, 1945-51'

### INTRODUCTION

Agricultural marketing, the presentation, handling, and distribution of agricultural produce, proved to be a highly problematic issue for Labour after 1945. Having instigated an investigation into the workings of the pre-war Marketing Acts the Government shied away from implementing the radical proposals put forward by the investigating committee, in the face of strong opposition to reform from both the Conservatives and the industry itself. The farmers were concerned to regain and extend the control over the marketing of agricultural produce they had enjoyed in the inter-war period. The eventual outcome was the 1949 Marketing Act which simply amended the existing legislation in the light of the changes that had taken place in agricultural policy since 1939. No action was taken on the Lucas Committee's main policy recommendations, although once in power the Conservatives took a more pragmatic line on marketing policy than had been suggested by their Agricultural Charter.

The Lucas Report, published in 1947, argued that inefficient and ineffective marketing was one of the main reasons for the 'continuously depressed' condition of the industry

in the inter-war period'.<sup>1</sup> An earlier, contemporary report had argued that British farmers lacked a full developed 'marketing sense' and that this put them at a disadvantage compared to their foreign competitors, who had secured the efficient standardization, grading, and bulk handling of their produce.<sup>2</sup> Voluntary co-operation had made little headway in the inter-war period and this was due, in part, to what the Lucas Report identified as the 'ingrained individualism of the British farmer'.<sup>3</sup> This individualism stemmed in turn from the economic and social heterogeneity of British farmers compared to their rivals in New Zealand or Denmark. Any moves towards greater voluntary co-operation were also hampered by the pressures of the inter-war economic climate which served to increase competition between producers. The Linlithgow Report, published in 1924, also concluded that the farmers' position in the distribution chain, 'alone at the end of a long line of distributive agencies', and the large number of individual farming units placed producers in an unfavorable position in relation to the processors and other middlemen they had to deal with.<sup>4</sup> Certainly many farmers in the 1920's felt that the monopsonistic position of many processing concerns was being used against the interests of producers, by pushing producers' prices down while maintaining the processors' gross margins.<sup>5</sup> While co-operatives

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1 Report of the committee Appointed to Review the Working of the Agricultural Marketing Acts (Lucas Report), Economic Series No.48 (1947), p.5.

2 Final Report of the Departmental Committee on Distribution and Prices (Linlithgow Report), Cmd 2008 (1924). The Linlithgow Committee had been appointed to investigate the methods and costs of selling and distributing agricultural produce and to consider how the gap between the 'farm gate' and the retail price could be reduced.

3 Lucas Report, p.5.

4 Linlithgow Report, p.28.

5 See J.R. Raeburn, 'Agricultural Production and Marketing', in D. Burn (ed.), The Structure of British Industry : A Symposium, Vol. I (1961), p.13-14.

could provide producers with a business and sales organisation through which they could improve their production and marketing techniques, they could do little to improve their bargaining power in what was essentially a buyer's market for agricultural produce. British farmers had no control over imports or over domestic producers who chose to sell their produce outside the co-operative.

The failure of the Government's 'National Mark' scheme revealed that a stronger form of organisation was needed to bolster producers' bargaining power and to improve the overall efficiency of agricultural marketing and grading.<sup>6</sup> The aim of the 1931 Marketing Act was 'to equip the British farmer for the first time with a machine that will enable him to be master of his own market', a machine that would also compel a reluctant minority to 'play the game'.<sup>7</sup> The Act empowered a 2/3 majority of producers to set up a producer elected marketing board and, subject to certain safeguards, to compel a dissenting minority to co-operate with the marketing board. There was, however, no compulsion to initiate a marketing scheme; MAF could appoint a Reorganization Committee to assist in the setting-up of a board but the decision to organise was taken by the producers alone. Marketing boards could regulate production and sales off farms, dispose of any surpluses, and enforce minimum standards of grading and packaging. The Act also made provision for the creation of Consumers' Committees to monitor the activities of the boards and MAF

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6 Under the Agricultural Produce (Grading and Marketing) Act 1928 MAF could prescribe quality grades for British produce and license producers and dealers to use a 'National Mark' on graded produce. Schemes were introduced for apples, pears, eggs and beef sold in the London and Birmingham wholesale markets. Overall, however, the progress made was disappointing, with the majority of producers sticking to their traditional methods and practices.

7 Christopher Addison, Labour's Agriculture Minister, in H. of C. Deb., (5th Series) Vol. 248, Col. 67, February 9th 1931.

was empowered to revoke a scheme and to order producers to amend a marketing scheme.

However, both the 1931 Marketing Act and Labour's other important piece of agricultural legislation, the Agricultural Land (Utilization) Act 1931, were 'designed for calmer days than those which saw them placed on the Statute book'.<sup>8</sup> While imported produce could still enter the country unhindered producers regarded the 1931 Act as being virtually useless and only one board, for hops, was set up under the terms of the 1931 Act. Reviewing the progress of marketing reform in the inter-war years the Lucas Report highlighted what the Committee saw as being the 'fatal weakness' of the first Marketing Act.

'It called upon the home producer to undertake the new and difficult task of marketing reconstruction, involving an abatement of his cherished liberty as an individual trader, but gave no assurance that steps would be taken to prevent the market as a whole from being swamped by the uncontrolled flow of cheap imports'.<sup>9</sup>

This weakness was remedied by the onset of 'National' Government in the autumn of 1931. Whilst the 1932 Wheat Act was designed to deal with the industry's immediate problems, the promotion of marketing schemes under the existing legislation, with

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<sup>8</sup> E.H. Whetham, The Agrarian History of England and Wales : Vol. VIII 1914-1939 (1978), p.241. Under the 1931 Land Act a corporation was to be established to buy, equip, and operate a number of farms in order to test and demonstrate the commercial possibilities of new strains of seed, new machinery and so on. The Act was subsequently repealed by the National Government in 1931.

<sup>9</sup> Lucas report, p.7.



complementary action to be taken with regard to imported produce, was seen as a long-term measure, designed to 'facilitate economic development in those branches of the agricultural industry which are likely to be most remunerative and particularly those which lend themselves to most rapid development'.<sup>10</sup> Part One of the 1933 Marketing Act empowered the Board of Trade (BOT) to limit the importation of any commodity into the UK where a marketing board was in operation, or where such action was required before a board could be established. Where the import of a particular commodity was being controlled MAF could regulate the sales of home produce by determining the amount, type, and grade that could be sold. A Market Supply Committee, appointed by the Minister, was created to review the supply situation and to make recommendations regarding BOT and MAF Orders.

Under the 1931 Act marketing boards had been able to control supply by determining the grade that could be sold or by prescribing the quantity to be sold at a given price. The 1933 Act added to these the power to place direct quantitative limits on a producer's sales. The short-term aim of import regulation was to restrict supplies to maintain or increase the price of home-produced commodities. In the long-term, however, the re-organisation of the industry through marketing schemes was not seen as necessarily involving cuts in imports, 'rather a rational sharing among the organised national groups of producers - including the home producer - of an expanding quantum of demand'.<sup>11</sup>

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10 ibid., p.7.

11 ibid., p.9.

Marketing boards were set up for milk, potatoes, hops and bacon pigs. The Milk Marketing Board (MMB) for England and Wales began its operations in September 1935, acting as a 'third party' in all contracts for the sale of milk. The Board prescribed the price of milk and the use to which it should be put and collected all the payments. The MMB also laid down minimum margins in the distribution of liquid milk to prevent wholesalers and retailers from being undercut.<sup>12</sup> The Potato Marketing Board (PMB) began its operations in March 1934, the overall aim being to reduce the wide swings in price caused by fluctuations in the size of the crop coming onto the market from year to year.<sup>13</sup> To reduce these price swings the PMB sought to limit changes in the supply of potatoes by imposing a minimum size for the market-able crop which varied according to the yield. The PMB could also limit the size of the area sown to potatoes and although as a rule the Board did not perform any trading functions, it could intervene to support the general level of prices.

Despite the growing support for the principle of marketing boards within the industry no new schemes were implemented after 1934, although proposals for, amongst others, eggs and table poultry were submitted. The Government increasingly began to consider other approaches to the problem and the main reason for this change in direction was summed up in the Lucas Report, which concluded that:

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12 The market for liquid milk was separated from the market for milk for manufacturing, the latter being dominated by imported dairy produce, and the Board could charge different rates according to the milk's final destination.

13 Consumer demand was inelastic in response to a fall in price and so a large crop led to a disproportionately large fall in the wholesale price and in farmers' incomes, and thus in turn led to a reduction in acreage the following year.

'It is apparent that, once producers' price objectives had been in any way satisfied, not very much was done towards realising the other objectives for the promotion of which the Agricultural Marketing Acts were designed'.<sup>14</sup>

Producers had made little use of the Marketing Acts to promote more efficient production, price amelioration being virtually their sole objective, and little had been done to implement the basic recommendations of the Linlithgow Committee.<sup>15</sup> The Consumers' Committee for milk complained bitterly about the lack of competition and rising prices in the retail milk market. The Milk Marketing Board had tried to cut distributors' margins which led to disputes which were only settled by arbitration, and this had led to a general feeling that a producer-run marketing board was not a suitable mechanism for dealing with the problem of milk distribution. Faced with the 'disappointing progress of re-organisation' under the Marketing Acts the Government turned to the independent, Government-appointed Commodity Commission as a solution to the problem of agricultural marketing and by 1938 this had become 'in principle, if not as yet in practice, the focal point of marketing policy'.<sup>16</sup>

The Commission established under the Wheat Act 1932 had been almost solely concerned with the administration of the deficiency payments scheme for wheat and the collection of the levy on millers and flour importers from which the payments were made. Under the Livestock Industry Act 1937 the Livestock Commission was

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14 Lucas Report, p.12.

15 E.H. Whetham, British Farming 1939-49 (1952), p.19.

16 Lucas Report, p.50.

made responsible for the 'development and organisation of the livestock and connected industries, for the payment of the cattle subsidy, and for regulating the importation, sale, and slaughter of livestock'. The BOT was empowered to make orders regulating the import of meat and livestock into the UK. The Commission was assisted by an advisory committee made up of representatives of the producers, local authorities, and auctioneers. A similar organisation was created to deal with sugar but the Milk Industry Bill 1938 was withdrawn in the face of fierce opposition from producers and distributors. The Commodity Commission legislation also provided for the delegation of certain functions to producers when/if a marketing board was established for that commodity. However, by 1939 little progress had been made towards establishing the most effective division of responsibility between the two types of organisation, and it was left to the Lucas Committee to take up this question some years later.

With the onset of the war the Ministry of Food assumed full responsibility for the control of sales off farms and for all subsequent stages of the marketing process. The Ministry either acted as the sole buyer itself or appointed buyers who acted under its direction, and all food production was carried out under license from the Government. Food production was rationalised with, for example, large reductions in the number of slaughterhouses and egg packing stations. Although the existing marketing schemes were not formally revoked the boards' powers were transferred in toto to the Ministry of Food, and the majority of their staffs were subsequently absorbed into the Ministry.<sup>17</sup> The MMB, however, did continue to operate, although the control of

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<sup>17</sup> 'There is no doubt that the nationwide administrative organisations which the Boards had built up were of great assistance in facilitating the establishment of a more comprehensive wartime control'. Lucas Report, p.47.

distribution was transferred to the Government. Initially the Ministry was only responsible for fixing maximum retail prices and for regulating margins in England and Wales. However it soon became apparent that the demand for milk was rapidly exceeding the available supplies under the existing marketing arrangements and so in October 1942 the Ministry of Food became the sole purchaser of milk through the MMB. While this entailed a loss of a number of the Board's existing functions, it now became the buyer of milk rather than a third party to contracts between distributors and producers.<sup>18</sup>

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18 In Scotland the MMB already had the power to control the movement of milk off the farm and so it was not necessary for the Government to become the owner of the milk. The Scottish MMB paid producers a guaranteed price and obtained payment from distributors and manufacturers at rates fixed by the Ministry of Food, who made up any difference between the two sets of prices.

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In the King's Speech in August 1945, Labour pledged that it would 'develop to the fullest possible extent the home production of good food' and that to this end the Government would continue, 'with suitable adaptations', the wartime measures under which the industry had been organised.<sup>19</sup> Food was in short supply but Labour would endeavour to procure and distribute food at prices people could afford. Speaking in November 1945, Ben Smith, Labour's first Minister of Food, outlined Labour's long-term food policy. The Government accepted responsibility for ensuring adequate supplies of food and, in keeping with Britain's membership of the U.N. Food and Agriculture Organisation (FAO), for improving nutritional standards.<sup>20</sup> While food remained scarce the wartime system of rationing and controls over food procurement, distribution and prices would remain in operation. When the world food situation improved, however, it was the Government's aim to remove as rapidly as possible those controls on consumers, traders and producers which were not necessary for the success of Labour's long-term policy, whilst retaining and adapting those controls which were necessary. In the case of the most important agricultural commodities the Government would 'undertake such responsibility in respect of procurement, distribution and sale as is necessary to ensure that adequate supplies are available at reasonable prices and to implement such international agreement on commercial and commodity policy as may be concluded'. The position of the home producer in producing the goods required by the nation would be protected, and the

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19 H. of C. Deb., (5th Series) Vol. 413, Col. 55-57, August 15th 1945.

20 H. of C. Deb., (5th Series) Vol. 415, Col. 1284-1285, November 7th 1945.

trader who rendered the nation a 'fair service' would be fairly rewarded. However, Smith warned that there would not be any automatic return to pre-war conditions and that, subject to the general principles he had already mentioned, the methods required to achieve Labour's long-term policy would be considered in relation to each commodity individually.

Indeed, Labour's commitment to planned food production, stable markets, and the continued presence of the Ministry of Food seemed to suggest that there would not be a return to pre-war conditions and that reforms would be undertaken. The reform of the distributive trades or of agricultural marketing had not been mentioned specifically in the 1945 manifesto, although it was stated that the Ministry of Food would continue the bulk purchase of agricultural commodities and would organise the efficient distribution of food at home, 'with no vested interests imposing unnecessary costs'.<sup>21</sup> Labour was also committed to the public supervision of monopolies and cartels and to prohibiting all restrictive practices. Under the wartime system of controls the Ministry of Food was empowered to licence all dealers and wholesalers, and the war years had seen reductions in the number of slaughter houses and egg packing stations.

The future of agricultural marketing had first been discussed in the spring of 1945 by an inter-departmental committee set up to 'supervise, co-ordinate, and initiate the preparation of plans for agricultural marketing', under the Chairmanship of Donald

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21     From Let Us Face the Future, in FWS Craig (ed), British General Election Manifestos 1900-1974 (1975), p.128.

Vandepeer.<sup>22</sup> The Committee published its conclusions in April 1945.<sup>23</sup> Overall the pre-war marketing boards were seen as having strengthened the industry's bargaining position and as having made possible the introduction of improved marketing techniques. However, the committee also concluded that the boards had failed to formulate bold policies or to introduce radical improvements in marketing techniques while ever easier ways of satisfying producers, in themselves 'traditionally individualistic and unprogressive in marketing', had been available. The strongest resistance to change had in fact come from the distributive trades, and so producers had tended to co-operate with them rather than attempt to introduce reforms.

Reviewing the inter-war experience of marketing reform the Committee concluded that 'on the whole', producer boards had been less progressive in dealing with long-term issues than with the short-term interests of their members. This was due not so much to the form of the organisation as to 'considerations of convenience, political expediency and immediate producers' interests', and it was these considerations that had led to the boards working with the established distributive interests rather than attempting to introduce changes in the existing distribution machinery. Marketing boards, the Committee concluded, were not inherently incapable of formulating bold policies, but required as a necessary basis a determined Government policy to secure major reforms. It was, however, too early for the Committee to draw any conclusions

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22 PRO MAF 34/724, March 17th 1945, letter from Donald Vandepeer to Sir Henry French.

23 PRO MAF 34/724, ICAM/MC/7, April 27th 1945, 'Agricultural Marketing in the UK Before and After the War'. The Inter-Departmental Committee on the Marketing of Agricultural Produce was comprised of representatives of the Agricultural Departments and the Ministry of Food.



as to the future objectives and structure of post-war marketing organisation from the Ministry of Food's wartime experiences.

Thus the whole problem of post-war marketing had still to be solved, and after 1945 Labour had to address a whole range of potentially highly controversial issues; should the old-style producer boards be revived and, if so, how would they fit into the APR machinery, which was to be made permanent under the Agriculture Act? Did the pre-war experience of marketing boards in fact justify their revival as a part of post-war agricultural policy, and what would be the relationship between any marketing boards and the Ministry of Food? In December 1946 these issues were remitted to a Committee under the chairmanship of the Labour peer Lord Lucas, appointed to review the working of the Marketing Acts up to 1939 and to consider and report on any modifications which might be necessary in the light of post-war agriculture and food policy.<sup>24</sup>

The Lucas Committee Report, whilst applauding the 'moderation and sense of responsibility' shown by the inter-war producers' organisations, emphasised that the conditions which had justified the restrictionist policies pursued had also imposed moderation, as producers were still functioning in a 'buyers' market'. Little had been done towards realising the long-term objectives of marketing reform, and the control over agricultural marketing by the Ministry of Food had been directed towards

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24 Lucas Report, P.1. Other members of the Committee included John Ryan, who was later to preside over the investigation into MAF's county organisation, and Sir Basil Mayhew, a member of the 1924 Linlithgow Committee.

immediate wartime objectives.<sup>25</sup> There was no guarantee, the Report continued, that the power of the marketing boards would be used with such moderation in the 'sellers' market' that had existed since the end of the war. Labour's policies on full employment, nutrition, and national insurance, combined with a general 'levelling up' of incomes, would increase expenditure on food and lead to a greater stability in demand. On the supply side, long-term balance of payments problems and a number of other factors would mean that imported foodstuffs would be in a far less favourable position in relation to home production than was the case before the war.<sup>26</sup> On the basis of these trends the Committee made two observations about the necessary objectives of any post-war marketing policy. Firstly, there would be no need for any form of supply restriction, and secondly:

'The improvement of efficiency in order to economise the use of manpower in marketing and to offset as far as possible the increased prime cost of the produce will be more than ever the imperative duty of such marketing authorities as may be set up'.<sup>27</sup>

The Government's food and agriculture policy would also have a bearing on the nature and scope of marketing organisation.

Labour's long-term food policy only served to highlight the crucial weaknesses of the inter-war marketing schemes: The failure of the Consumers' Committees to give the

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25 ibid., p.13.

26 See Chapter III.

27 Lucas Report, p.51.

general public adequate protection, a defect made all the more serious by the new economic climate, and the failure of producer boards to secure any cuts in the cost of distribution. Although the issue of food distribution was outside the Committee's remit, the Report did emphasize that without the rationalization of the chain of distribution the benefits of efficient marketing would be lost.<sup>28</sup> In the light of these problems, and the developments that had taken place since 1939, the Lucas Report argued that the question of post-war marketing could not be dealt with by simply amending the existing legislation; the machinery of marketing had to be considered as a whole to discover what type of arrangement would be best-suited to the new market conditions.

The Lucas Report suggested four possible alternatives; a policy of 'laissez-faire', a return to old-style producer boards, the retention of Ministry of Food control from the farm gate to the consumer, and the creation of independent corporations to manage the marketing of agricultural produce on public utility lines. Some form of organisation was necessary and the Committee supported the creation of Commodity Commissions with control over a given commodity from the point at which the guaranteed price operated to the point at which it reached the consumer. Producers would no longer be the group most affected by wasteful marketing arrangements and:

"Taxpayers who have in effect underwritten the price which a producer receives cannot acquiesce in a situation which leaves the marketing arrangements to the decision of an uncoordinated mass of producers,

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28 ibid., p.52.

particularly when these no longer have any obvious interest in the prices actually realised for their produce'.<sup>29</sup>

In their evidence to the Committee the producers' representatives had argued that marketing boards should be re-instated on inter-war lines, claiming that producers retained an interest in the marketing of their produce up to the point at which it reached the consumer. In reply the Committee had argued that this interest was not an exclusive one and that a number of other groups were 'parties with the producers in the operation of the marketing machine'. Producers did not have a 'prescriptive right' which justified the powers of producer boards extending beyond the farm gate. It was also clear that this was not the intention of the Marketing Acts themselves, which made producers, processors and distributors equally competent to promote statutory marketing schemes.<sup>30</sup>

The NFU argued that with the introduction of guaranteed prices and assured markets the expansion of production had become the industry's sole objective, and that this made producer marketing boards the most socially desirable mechanism for supervising the marketing of guaranteed price commodities. The NFU argued that producers' interests corresponded so closely to the public interest that they could be trusted to secure efficient and economic marketing. In reply the Committee had stated that the general public, whether as taxpayers or consumers, had a more direct interest than producers in realising market economies. While there was a direct incentive for

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29     ibid., p.53.

30     ibid., p.54.

producers to reduce their costs up to the farm gate, with the onset of fixed guaranteed prices there were only 'indirect and somewhat uncertain' advantages to be gained from attempts to reduce costs beyond this point.<sup>31</sup> Producers would therefore be unwilling to spend large sums on increasing demand beyond the point at which the guaranteed price operated. If the expenditure proved to be unrenumerative they would suffer an unrequited loss, and if it proved to be renumerative most of the benefits would accrue to consumers or taxpayers.<sup>32</sup>

In conclusion the NFU had argued that producers would not be prepared to cater their output to the needs of the market or to deliver it in the most suitable form unless they themselves controlled the machinery which handled their produce.<sup>33</sup> The Lucas Report stressed that in the inter-war period producer boards had done little to increase the physical efficiency of marketing and that the most effective way of encouraging farmers to undertake such a task was through financial incentives. The Report also advanced what it regarded as two conclusive arguments against re-instating old style producer boards. Firstly, marketing was a continuous process in which producers, the distributive trades, and consumers were all involved, and to give any one group a monopoly was only permissible if that group was economically disadvantaged. In the prevailing circumstances farmers could no longer be said to be in this position.

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31 In 1945 the joint MAF/Ministry of Food Committee an agricultural marketing had concluded that producers had seen the likely benefits of bold policies as being 'speculative', and that this in part explained the somewhat 'reactionary' character of producer boards. (ICAM/MC/7).

32 The cost of marketing board operations would be met by a levy paid by all registered producers.

33 Powers were available under the 1931 Act which enabled producer boards to determine the agent to or through which their produce would be sold.

Secondly, with regard to the guaranteed price commodities the Report argued that it was the taxpayer who bought the produce at the farm gate and that thereafter it became public property.<sup>34</sup>

The distributive trades had suggested the 'dilution' of the boards' powers by making them take representatives of the other interests concerned onto the boards. The Committee had rejected this proposal for the same reasons it had dismissed the reinstatement of unreconstructed producer boards.<sup>35</sup> In their evidence to the Committee the MAF representatives argued that 'in general' the Marketing Acts had proved 'reasonably satisfactory', despite the misgivings the Department had expressed some years earlier. Although MAF claimed that producers had proved that they could administer marketing schemes with regard to the interests of their members and the general public, it was suggested that in the light of the prevailing circumstances, and the need for a planned economy, there was a need to ensure that 'the national interest is always at the forefront of the picture in the administration of a board's affairs'.<sup>36</sup> MAF suggested that this could be achieved by increasing the number of independent and Government-appointed members on each board and by the drawing up of a set of 'guiding principles .... which will convey to the agricultural industry the objectives which the nation expects from producer organisation and the pitfalls which such organisation should avoid'.<sup>37</sup> MAF also advocated the setting up of a standing inter-

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34 Lucas report, p.57.

35 ibid., p.57.

36 PRO MAF 120/17, March 4th 1947, 'The Agricultural Marketing Acts'.

37 The Agricultural departments were against the appointment of consumer representatives on marketing boards, although they felt that it might be possible to appoint a TUC representative from a list of Union appointees.

departmental committee, appointed by the President of the Board of Trade, to which Ministers could go to seek advice before granting a marketing board any powers.

The MAF proposals were clearly designed to remedy the defects the inter-departmental committee on marketing had identified in the pre-war operation of the marketing boards; the failure of producer-run organisations to introduce bold policies or to tackle long-term marketing problems. The committee had concluded that the boards were not inherently 'reactionary', but that greater Government guidance was needed to secure major reforms. Given the Lucas Committee's terms of reference it is not surprising that MAF's evidence was concerned with reforming the existing marketing arrangements. However, as section (ii) will show, MAF were prepared to consider more drastic reforms and to at least discuss such measures with the producers, despite the NFU's obvious support for the principle of producer marketing.

The NFU was committed to working with the Government of the day and maintaining its political neutrality, in order to protect its privileged consultative position. However, the dispute surrounding the 1946 SPR revealed that the Government had not fully cemented its 'partnership' and that the Union was still prepared to fight the Government or individual, albeit non-party political, issues.<sup>38</sup> The 1946 SPR also served to reveal the tension between the NFU hierarchy's moderation and the relative militancy of the County branches. As section (iii) will show the Union leaders saw the Lucas Report as raising highly political issues and the NFU in fact made no official statement on the Report on its publication, James Turner *et al* preferring to

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38 See Chapter IV.

voice their concerns in private. The producers gave voice to their hostility through the MMB. In June 1948 the Board's AGM voted unanimously to oppose both Lucas and the Williams Report on milk distribution. Prior to the AGM a private meeting of the Board's Regulatory Committees had declared its 'unrelenting opposition' to the Lucas Report and its support for the principle of producer marketing boards. The producers saw marketing boards as a form of insurance against any future 'U-turn' on agricultural policy, and as providing 'an extra string to the NFU bow in fighting the farmers' battles in the years to come'.<sup>39</sup>

The Lucas Report also rejected the maintenance on a permanent basis of the Ministry of Food's existing powers over the sale and distribution of agricultural produce. The nature of the Civil Service, the Committee argued, made it unsuitable to operate a large commercial undertaking, which required rapid decision making at all levels.<sup>40</sup> The Committee also felt that genuinely efficient marketing would require both a 'ruthless' cutting of distributive margins and the rationalization of distributive and retail facilities, and that a Government department would be a poor instrument for carrying out these reforms. The Ministry of Food would 'always be tempted to let things go on and have a quiet life'. The Committee felt that the Ministry of Food was too 'distributor-minded' and that for this reason no government department should be given exclusive control over the marketing process. However, as Edith Whetham argued 'the decision to put a man out of an established business is a political one,

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39     The Farmers' Weekly June 18th 1948 and The Farmer and Stockbreeder December 16th 1947.     The Farmers Weekly, January 16th 1953.

40     Lucas Report, p.57.     'Enterprise and initiative entail a willingness to risk mistakes. Civil servants cannot afford to take these risks'.



justified to both the general public and others in the same trade'.<sup>41</sup> Such action would require proof of a firm's inefficiency or redundancy, and in the absence of accurate costings and a comprehensive understanding of how the trade was organised in different areas such proof was not available. The Ministry of Food had the power to rationalise the distributive trades but in the absence of the necessary data such action would, as Whetham argues, have created a political storm which the Government would have had difficulty in weathering.<sup>42</sup>

Having rejected 'laissez-faire', producer control, and the continued control of the Ministry of Food, the Report concluded that the authority for the planning and implementation of marketing policy should be invested in an independent body, a Commodity Commission, financed from public funds and functioning like a public utility corporation. A Commission would control a particular commodity from the moment it left the farm gate until it reached the consumer. The Commodity Commissions would possess all of the regulatory and trading powers formerly granted to the producer boards and would also undertake the process of reforming the distributive and processing trades.<sup>43</sup> The Commissions would be jointly appointed by MAF and the Ministry of Food. Producers, processors and distributors would form advisory committees to liaise with the Commodity Commissions. The Report did,

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41 E.H. Whetham, 'The Future of Agriculture Marketing', in the Journal of Agricultural Economics, Vol. VIII No. 2 (April 1949), p.111.

42 ibid., p.112.

43 The main duty of the inter-war commissions had been the supervision of subsidy schemes, although the Livestock and Sugar Commissions did possess certain regulatory and supervisory powers; in the case of livestock they related to the initiation of rationalization schemes and the control of new markets. The Lucas report advocated granting the new Commissions greatly increased powers, arguing that their pre-war powers were insufficient to deal with the prevailing conditions.

however, envisage a role for the producer board in the new marketing system. One of the marketing boards' main functions would be to negotiate contracts with their respective Commission and to ensure that all their members adhered to the terms of the contract.<sup>44</sup>

The Lucas Committee found support for its conclusions in the recommendations of another Government appointed commission. The Williams Committee had been appointed by John Strachey in October 1946 to examine the distribution of liquid milk from the farm gate to the doorstep and to advise on any changes that were necessary to ensure that 'clean safe milk is delivered as efficiently and cheaply as possible'.<sup>45</sup> The Committee's final report recommended the setting up of a single independent Milk Commission, to work under the general direction of the relevant departments and with a General Manager responsible for the Commission's day to day running. The Ministry of Food would continue to fix the general level of subsidies and retail prices, and would also determine the overall division of supplies between the liquid and manufacturing markets. MAF would continue to negotiate and fix producers' prices.<sup>46</sup>

The responsibilities of the Commission would include the transport of milk from the farm to its final destination, the negotiation of margins for the various stages of distribution and processing within the global sum fixed by the Ministry of Food, and

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44 ibid., p.57.

45 Report of the Committee on Milk Distribution (Williams Report) Cmd 7414 (1948), p.1.

46 Williams Report, p.49-50.

the negotiation of seasonal variations in producers' prices, this time within the global figure fixed at the APR. The Williams Report also recommended that the Milk Commission be given powers to carry out any of the distributive or processing functions involved in milk production itself, including the manufacture of milk products and the bottling and retailing of liquid milk. The MMB had argued for the restoration of their pre-war powers but the Committee's view was that developments in policy since 1939 had removed the main reason for the MMB's existence, the fixing of producers' prices, which was now under-taken at the APR. The Milk Commission would pay producers directly leaving the MMB to exercise a limited number of functions, although this issue was outside the Committee's remit.<sup>47</sup>

As was mentioned above, the NFU made no public statement on the Lucas or Williams Reports, although the MMB was quick to voice its objections to the proposals. Milk producers had been instrumental in securing the withdrawal of the Milk Industry Bill, 1938, which had proposed the setting up of an independent regulatory Milk Commission. Not all opinion within the industry was so hostile, however, and The Farmer and Stockbreeder and The Farmers' Weekly argued that it was 'rather naive' to expect a return to the complete producer control of marketing. With the changes that had taken place since 1939, the main one being the continued existence of the Ministry of Food, 'to argue for exclusive producer control ..... is to cry for the moon'.<sup>48</sup> Indeed, in the wake of the publication of the Lucas report the NFU sent out a questionnaire on the proposals to all the county branches and the

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47 ibid., p.51-52.

48 See The Farmer and Stockbreeder, December 30th 1947.

replies ranged from a complete rejection of the Report to an acceptance of the proposals in their entirety, and this made it very difficult for the General Committee to formulate a definite policy on the Report.<sup>49</sup> As section (ii) will show, however, there was also a political dimension to the Union's reticence on the issue.

In a private conversation with Sir Thomas Dugdale in February 1948 the NFU's President Sir James Turner outlined his and his own colleagues' views on the future of agricultural marketing. Producer marketing boards, he emphasised, should be the basis of future Government policy and in most cases they should deal directly with the distributive trades. Turner accepted the need for an independent body concerned with agricultural marketing, arguing that it should be responsible for determining the point of insertion of the consumer subsidy and for investigating all cases where the cost to the consumer of a given product appeared excessive when compared to the price paid to the producer. Turner also suggested that this independent body could perform the functions previously associated with the Committees of Investigation established under the Marketing Acts. This monitoring body would consist of members of the agricultural community and representatives of the Treasury and the Ministry of Food. Turner was keen to stress that these proposals did not represent Union policy, simply the lines on which he and his colleagues were thinking at that time.<sup>50</sup>

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49 CRD 2/13/21, February 18th 1948, Sir Thomas Dugdale, 'Note on a Conversation with Sir James Turner about the Future of Marketing'.

50 ibid.

The NUAW and the TUC's Economic Committee approved the Lucas Report in principle, viewing it as a 'courageous attempt to solve the complicated problems of agricultural marketing and distribution through the introduction of a measure of public supervision and control'.<sup>51</sup> At the 1946 TUC Conference an NUAW motion calling upon the Government to undertake a drastic reorganization of the marketing and distribution of agricultural produce had been carried unanimously, and this had led to a joint General Council and NUAW deputation being sent to discuss the issue with Tom Williams in March 1947.<sup>52</sup> The TUC were subsequently invited to give evidence before the Lucas Committee and a written statement was submitted in April 1947. Their submission reiterated a number of the criticisms the TUC had directed at marketing boards in the past, but was directed towards reforming the existing system rather than a radical reconstruction of marketing organisation. The TUC advocated greater representation for workers and consumers on producer boards, the widening of such schemes to deal with wholesale and retail distribution, and the increased co-ordination of individual marketing schemes for the better planning of the industry as a whole.<sup>53</sup>

In the Agricultural Charter the Conservative Party stated its opposition to the Lucas Committee proposals, and the Party's attitude to the Report remained unequivocal; Phillip Bremridge in his 1951 monograph Agriculture and Politics referred to it as the 'infamous Lucas Report'.<sup>54</sup> In Agricultural Marketing, also published in 1951, the

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51 The TUC, Annual report 1948, p.262-64.

52 The TUC, Annual Report 1946, p.463; Annual Report 1947, p.274-76.

53 The TUC, Annual Report 1948, p.262-64.

54 Phillip Bremridge, Agriculture and Politics (1951), p.46.

Conservative MP Richard Nugent argued that producer marketing had shown itself to be a practical proposition while other suggested mechanism had not. The Lucas Report was attacked for its 'prejudice' against the producer and for the implicit assumption that the producer had no right to control the marketing of his produce once it had left the farm gate. The Conservatives argued that this was not implied in the 1947 Act.<sup>55</sup> The Party's Marketing Sub-Committee argued that the basis of all agricultural marketing should remain the producer board, the principles of which were 'now firmly established in the minds of the agricultural community and it would be folly to take away many of the boards' most important functions'.

The Commodity Commissions proposed by the Lucas and Williams Reports were seen as being 'extravagant, bureaucratic and inflexible'. The Sub-Committee's report argued that the established powers of the marketing boards should be restored and that the powers of any new boards should be decided on a commodity by commodity basis. The Sub-Committee was not opposed to the principle of Commodity Commissions, only to the powers the Lucas Committee had suggested they should be given. They were seen by the Conservatives as performing essentially 'policing' and supervisory functions and investigating allegations of waste and inefficiency.<sup>56</sup> The Sub-Committee's interim report did, however, acknowledge that the Lucas Report might cause 'considerable' differences of opinion within the Party, with the agricultural interest keen to see the principle of producer marketing reasserted, and the distributive

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55 RD/12/Gen/1, December 9th 1947, Meeting of the Parliamentary Committee for Agriculture, in CRD 2/13/2I.

56 RD/12/Gen/1, March 20th 1948, Report of the Sub-Committee on Agricultural Marketing, in CRD 2/13/2I. In the Agricultural Charter (1949) the Party stated that : 'The basis of good marketing in the future should be producers' co-operation both through voluntary organisations and through statutory marketing boards'.

trades and urban interests, who had always disliked producer boards, taking up the Lucas proposals.<sup>57</sup>

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57 CRD/2/13/2I, December 9th 1947.

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In November 1947 Herbert Broadly, Deputy Secretary to the Ministry of Food, wrote to Sir Donald Vandeppeer on the subject of the Lucas Report and his Department's proposed Food Bill, which would have to legislate for the permanent functions of the Ministry of Food when the Supplies and Services (Transitional) Powers Act, 1945 lapsed in 1950. The Bill could also provide an opportunity to establish Commodity Commissions and Broadly suggested a meeting between the two departments to discuss how far legislative authority should be sought for implementing the Lucas Report's recommendations.<sup>58</sup> Broadly argued that despite the fact that many producers and distributors would not feel 'very friendly disposed towards the recommendations ..... there is a lot to be said for them'. Vandeppeer agreed to the proposed meeting, echoing Broadly's view of the Lucas proposals.<sup>59</sup>

The joint working party in fact met seven times between December 1947 and March 1948. The working party concluded that while the 'broad principle' of Commodity Commissions should be accepted it would be inadvisable to introduce enabling legislation laying down the general functions of such bodies, as this would almost certainly provoke strong opposition from within the industry.<sup>60</sup> For cereals a compromise was suggested between a Commodity Commission and a producer-controlled marketing board, with provision for producer representation on the

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58 PRO MAF 120/7, November 26th 1947, Broadly to Vandeppeer.

59 ibid., November 28th 1947, Vandeppeer to Broadly. For his part Vandeppeer felt that the Lucas Report contained 'a lot of sound common sense reasoning'.

60 ibid., December 30th 1947, Fifth Meeting of the Working Party.



Commission. The working party had rejected NFU arguments for the creation of a cereals marketing board. The Commission would administer subsidies, dispose of surpluses, and negotiate seasonal prices but would otherwise simply perform regulatory functions.<sup>61</sup>

The working party concluded that neither the Ministry of Food nor a producer board was a suitable mechanism to deal with operation of the guaranteed price for potatoes, or to dispose of surplus production and rationalise marketing and distribution. Instead, it was argued, a Commodity Commission should be set up on the lines suggested in the Lucas report. For milk the working party advocated the setting up of a Commission to take charge of liquid milk from the farm gate to the doorstep, with the MMB acting as the intermediary between the producers and the Commission. In the case of meat and livestock it was argued that there were strong arguments for a 'purely independent Livestock Commission with trading powers sufficient to implement the guaranteed price'.

In view of the possible effects such reforms would have on the expansion programme the Lucas report was remitted to another inter-departmental committee, made up of officials from the Treasury, the Board of Trade, MAF and the Ministry of Food and chaired by Sir Herbert Brittain. The Brittain Committee published its final report in April 1948; although complete agreement on the recommendations had not been reached, it had been agreed that, in principle, the introduction of Commodity

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61 The main function of a Commodity Commission was to rationalise distribution and it was argued that in the case of wheat this would not be necessary. (*ibid.*, December 15th 1947, Third Meeting of the Working Party). However, the same could not be said about the marketing of other cereals.

Commissions for certain guaranteed price commodities was desirable.<sup>62</sup> The Committee's report argued that Lucas-style arrangements should be introduced for cereals, fatstock and milk, although there would also be provision for fatstock and milk producer boards. For potatoes the Treasury and the Ministry of Food advocated a Commission without a marketing board and MAF the exact opposite. The Report emphasised that the proposed Food Bill should cover the permanent powers of the Ministry of Food, statutory legislation for the creation of Commodity Commissions, and amendments to the existing Marketing Acts.

The Ministry of Food, the Report argued, should have permanent powers to buy and import home-produced and overseas produce, undertake processing, and to control margins and prices other than producers' prices. The Ministry would also be able to give directions with regard to the above. Commodity Commissions would be established by statutory schemes drawn up by Ministers and subject to an affirmative resolution from Parliament. Their main duties would be the procurement, processing and distribution of British and imported produce and the Commissions would be empowered to determine who would be allowed to handle a particular commodity and under what conditions. The Brittain Committee gave the Commissions more wide-ranging powers than had been envisaged in the Lucas Report, suggesting that they should be empowered to regulate imports as well as home production. Brittain and his colleagues envisaged a system of food procurement and distribution which lay somewhere between free enterprise and the activities of a public corporation. Procurement, distribution and processing would still be undertaken by private firms,

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62 PRO T222/60, FP(48)11, April 23rd 1948, 'Report of the Working Party'.

licensed and regulated by the Commissions who would in turn be under the general authority of the Ministry of Food. The Report envisaged a system based on a limited number of licensed, non-competitive traders for each commodity working for profit but under the control of a Commodity Commission. Ministers would be empowered to give general directions in the national interest.

Each Commission would have an advisory committee representing both producers and consumers. Amendments would have to be made to the Marketing Acts to allow Ministers to revoke or revise existing schemes to bring them into line with the new legislation. Producer boards, where it was considered appropriate, would be given powers to undertake reforms designed to increase the efficiency of production and to undertake certain processing functions. Under the Brittain recommendations Ministers would have the authority to take out injunctions against producer boards if their operations were found to be harmful to the public interest. The Report also dealt with how the Commissions would fit into the APR system, an issue not dealt with by the Lucas Committee. They would play no part in the fixing of overall prices although producer organisations would be indirectly involved through the NFU. Once overall or average prices had been fixed MAF would meet with the NFU, the appropriate Commission and any producer organisation to negotiate seasonal, grade and quality differentials. For hops, poultry and wool the Minister of Food would undertake the role normally assigned to the Commodity Commission.

The Minister of Food, John Strachey, outlined his views on the Brittain proposals in a letter to Stafford Cripps in May 1948.<sup>63</sup> While Strachey agreed that if the Government was to control the purchase and distribution of home-produced and imported food on a long-term basis, a system of Commodity Commissions was the best mechanism for achieving this, he went on to emphasise the 'magnitude' of any decision on this issue. Although the Brittain proposals might represent the best way of demarcating the functions of MAF and the Ministry of Food, he continued, the economy would stand or fall on the success of the system of food procurement adopted by the Government. Any mistake would mean 'goodbye to the progressive increase of the standard of life on which the future of British labour depends'. Strachey felt that the Brittain working party had dealt with the whole issue as simply an administrative problem and that they had given insufficient consideration to the economic implications of their proposals. Cheap food was vital to the nation's survival and Strachey believed that this would not be achieved under the proposed arrangements.

Although Strachey admitted that Commodity Commissions were 'undoubtedly' better than producer boards he was less happy with the extension of their powers to cover imports, and his criticisms revealed his wider concerns over Labour's food and agriculture policy. Although the world would continue to be short of food for a further ten or more years this situation would eventually change, and Strachey believed that the underlying aim of the Brittain proposals was to enable the Government to subsidise and protect British agriculture by averaging out the prices

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63 PRO BT64/2371, May 7th 1948, Strachey to Cripps.

of home production and relatively cheaper imported produce. This would lead to dearer food than was necessary, and the complex nature of the Commission system would further add to the cost of distribution. Strachey also believed that the 'agricultural interests' would be strong enough to prevent the Government importing food as cheaply as it could. The Minister of Food was not suggesting that guaranteed prices should be scrapped, rather that in some cases prices were already fixed too high and that the Commodity Commission system would only serve to intensify this problem. While he was not suggesting that the industry should be abandoned to the free market Strachey did feel that there was 'a lot to be said' for allowing in cheap imported food while openly subsidising British agriculture and slowly re-orientating producers onto producing those commodities in which they enjoyed a comparative advantage.<sup>64</sup>

The Brittain proposals were discussed at an ad hoc meeting of Ministers and senior officials on May 11th 1948, chaired by Herbert Morrison and including Williams, Strachey, Cripps and Addison.<sup>65</sup> Cripps argued that it would be 'premature' to prepare any legislation until the Government had considered the issue of wholesale and retail distribution more fully, and suggested that any legislation prepared for the 1948/49 session should be limited to conferring permanent powers on the Ministry of Food. Cripps also suggested that an inter-departmental committee should be set up under the chairmanship of Douglas Jay, the Economic Secretary to the Treasury, to

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<sup>64</sup> In a letter to Harold Wilson, President of the Board of Trade, Strachey explained that the aim of his letter to Cripps was to 'prevent us rushing into a vast scheme of Commodity Commissions which I happen to think most ill-considered'. PRO BT64/2371, May 18th 1948, Strachey to Wilson.

<sup>65</sup> Gen. 232/1st Meeting, May 11th 1948, in PRO CAB 130/37.

examine the Brittain proposals. Strachey supported Cripps, while Tom Williams pressed for Ministerial authority to begin talks with the industry and for approval of the general approach outlined in the Brittain report. The meeting followed the Chancellor's line, agreeing that the issue should be remitted to another committee and that legislation dealing with the permanent powers of the Ministry of Food, and amendments to the Marketing Acts, should be drawn up for submission to Ministers.<sup>66</sup>

The Food Distribution Committee met throughout June and July under the chairmanship of Douglas Jay, and the other Committee members included Robert Hall, George Brown and Dr. Edith Summerskill.<sup>67</sup> Within the Committee only Brittain himself supported his Working Party's recommendations. George Brown described the proposals as 'political dynamite' and the Ministry of Food, as Strachey's comments had suggested, were 'far from enthusiastic' about the proposals and about the proposed permanent powers.<sup>68</sup> In a memorandum to the Committee the Board of Trade argued that in the light of past Government pronouncements on the subject and the fact that the 1945 Manifesto did not include proposals for the 'fundamental alteration of the present structure of distribution', the creation of Commodity Commissions would be seen as a 'breach of faith' by the industry.<sup>69</sup> The memorandum also argued that no case had been made to suggest that the Brittain proposals would in fact increase the

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66 The proposed legislation would also make provision for the Minister of Food to delegate his powers to a public corporation.

67 PRO CAB 134/276, FD(48) 1st-9th Meetings.

68 PRO CAB 134/276, June 3rd 1948, FD(48) 1st Mtg.

69 ibid., June 9th 1948, FD(48)6, 'Distribution Policy and Commodity Commissions', BOT memorandum.

efficiency of the distribution process. It was also unlikely that Parliament would agree to granting a statutory body the authority to license distributors and processors and control over prices and margins, 'over which during the war emergency Parliament had itself exercised such a jealous supervision'.

John Strachey expressed his own personal concern over the proposed permanent Ministry of Food powers in a letter to the Lord President, Herbert Morrison, and subsequently in a memorandum to the Food Distribution Committee. Writing to Morrison Strachey described the problems his Ministry had faced when preparing the draft Food Bill.<sup>70</sup> In the light of the continuing BOP problems, food shortages, and the need to maintain food subsidies the Ministry of Food would need to maintain its existing powers beyond 1950, and any Bill would have to therefore legislate for a lengthy 'transitional period', and include the sort of stringent controls that had been in operation during the war. However, the Bill had also to represent the Government's views on the permanent powers needed in the long-term. There would also be protests if Labour could not give a clear indication of the extent to which these powers would be used once the 'transitional' period was over.

In his memorandum to the Jay Committee Strachey repeated his earlier criticisms of Commodity Commissions.<sup>71</sup> He argued that Britain's 'half-way house' between competition and national ownership gave the consumer the worst of all possible

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70 ibid., June 21st 1948, FD(48)7, Note by the Parliamentary Secretary to the Ministry of Food, covering a letter from Strachey to Morrison, June 18th 1948.

71 ibid., July 1st 1948, FD(48)10, 'Food Policy', memorandum by the Ministry of Food.

worlds and that the Government should either nationalise the food distribution industry or return it to competition, taking steps to ensure that the consumer obtained the full benefits of free competition. Strachey was also very critical of producer marketing; 'statutory cartels' of producers were 'seriously anti-social', and the Minister of Food argued that 'surely our job is not to reinforce such cartels but to prohibit them'.<sup>72</sup> He recommended that the proposed Commissions should be scrapped and the retail distribution of food decontrolled as soon as possible and left to competitive free enterprise: 'Retail distribution is unsuitable for public monopoly because the demands of the public are so varied'. Strachey's comments echoed the Lucas Committee's view that the Civil Service was not a suitable mechanism for running a large commercial undertaking. Strachey did, however, feel that certain branches of the wholesale trade might be more suitable for public ownership, and gave as examples the cold storage industry, the meat industry, and flour milling.<sup>73</sup>

Strachey did not want any proposed legislation to be hurried and felt that further consideration should be given to the question of the Ministry's permanent powers before any final decisions were made. In their defence of the marketing boards MAF stressed that in the years the Acts had been in operation there had been very few cases where complaints against producers had been substantiated by an independent enquiry.<sup>74</sup> The Agricultural Departments also felt that the public safeguards imposed

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72 My emphasis.

73 1/3 of the wholesale trade, he argued, should be progressively freed from control and left to unrestricted competition, to ensure that the public was given a cheap, efficient service.

74 PRO CAB 134/276, July 23rd 1943, FD(48)16, 'The Restrictive Possibilities of Agricultural Marketing Boards and their Relations to Development Councils', memorandum by the Joint Parliamentary Secretary, MAF.



on the boards' operations were more than sufficient and that the nature of these safeguards would help to foster a sense of public responsibility in producers.

The Food Distribution Committee published its interim report for submission to the Lord President's Committee in August 1948.<sup>75</sup> The Report concluded that the Government's policy on food distribution should, in general, be to encourage competition in the wholesale and retail trades, although where appropriate certain sections of the wholesale and processing trades could be nationalised. In other cases public corporations would be established in competition with private firms. The Committee also suggested that the restrictive powers available to marketing boards under the existing legislation should be subject to close supervision, but saw no objections in principle to producer boards for the commodities guaranteed under the 1947 Act. The proposals in the Lucas and Brittain reports regarding Commodity Commissions, the Committee argued, should be rejected and any legislation dealing with food policy, including the Ministry of Food's permanent powers, should be deferred until the next Parliament. The Committee suggested that a short Bill granting the Ministry the authority to enter into long-term contracts beyond 1950 be introduced in the 1948/49 session.

Cripps expressed his general agreement with the Jay Committee's recommendations when the Interim Report was presented to Ministers in September 1948,<sup>76</sup> and the Lord President's Committee as a whole approved the recommendations subject to a

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75 ibid., August 16th 1948, FD(48)19, 'Interim Report'.

76 LP(48) 14th, September 24th 1948, in PRO CAB 132/9.

number of modifications. Firstly, Commodity Commissions were to be regarded as 'generally unsuitable' rather than definitely rejected. Secondly, the Committee's recommendations were to be used as a guide to administrative action, and were not to be published as a statement of the Government's long-term policy. Subject to an examination on their merits agricultural marketing schemes were to be established or re-instated in suitable cases, and the Lord President's Committee endorsed the recommendation that legislation should be introduced to amend the existing Marketing Acts.<sup>77</sup> In a memorandum to the Lord President's Committee Strachey had argued for a 'standstill' on the re-instatement of marketing boards until a commodity-by-commodity investigation could be carried out.<sup>78</sup>

The legislation amending the 1931 and 1933 Acts was contained in a Bill presented to Parliament in January 1949. In his speech moving the Second Reading of the new Agricultural Marketing Bill Tom Williams explained that the Lucas Committee's main recommendations were still under discussion and that the Bill would not prejudice any decision the Government might take on the Lucas or Williams Reports.

'It is not a good idea never to do anything until one can do everything; on the other hand it is probably not wise to try to do everything at once'.<sup>79</sup>

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77 In March 1947 the Lord President's Committee had invited the Agriculture Ministers and the Ministry of Food to proceed with plans for the marketing of individual guaranteed commodities as and when there was a firm prospect of adequate supplies of Food becoming available. LP(47) 11th, March 28th 1947, in PRO CAB 132/6.

78 LP(48)77, in PRO CAB 132/10.

79 H. of C. Debates, (5th Series) Vol. 460 Col. 186, January 19th 1948.

Williams stressed that it was not his intention to suggest that producer marketing boards were the ultimate solution to the marketing problems of all commodities. They were only one method and the extent to which they were used in the future would depend on the wishes of producers themselves, and on the Government's final decision on the Lucas Report. The pre-war boards, he continued, had shown a considerable sense of responsibility in their actions, but the introduction of guaranteed prices and markets and changing world conditions required a greater degree of Government control than had previously been thought necessary.<sup>80</sup>

Clauses Two and Four of the 1949 Bill increased the range of issues that could be referred to a Committee of Investigation, who would subsequently advise the Minister of Agriculture on what action, if any, was required. Section 14 of the 1933 Act provided that the Minister, after consultation with the promoters of a marketing scheme, could appoint two members of the board. The Government now proposed to extend this principle to cover 1/5 of the members of marketing boards, and their appointees would include representatives of the agricultural workers. Clause Nine of the 1931 Act provided for complaints made by Consumers Committees or individuals with regard to the operation of any marketing board to an independent Committee of Investigation. If a complaint was found to be justified the Minister of Agriculture was empowered to order a scheme to be amended or revoked. The provisions of the new Bill empowered the Minister to initiate a review of a marketing board's operations without having to wait for a formal complaint to be made. In turn, the board

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80 ibid., Col. 188. The Marketing Acts were not covered by the provisions of the Monopolies and Restrictive Practices Act, 1948. Under the Act all proposals involving the grant of new or amended restrictive powers had to be submitted for investigation by the Board of Trade.

concerned could ask to have a complaint referred to a Committee of Investigation for a final judgement. To prevent any possible injury to the public interest while this process was underway, Clause Four of the 1949 Bill empowered the Agriculture Minister to impose temporary directions.<sup>81</sup> Clause Nine of the 1949 Bill also gave the boards enabling powers to help farmers improve the quality of their produce, and to produce, either by themselves or in co-operation with the existing trades, anything producers might require to improve their production or marketing.<sup>82</sup>

While the Opposition expressed their relief that the Lucas proposals were not being introduced and expressed their support for the general principle of the Bill, they were strongly critical of a number of the Bill's provisions, particularly those contained in Clause Four.<sup>83</sup> The Conservative's main criticism of this section was that it made no provision for the payment of compensation if a Committee of Investigation found in favour of the producers, or to the consumers if the board was judged to have been operating against the public interest. However, the Conservatives regarded the danger to producers from precipitous action by MAF as the most worrying aspect of the Bill. During the Committee stage a Conservative amendment was moved to limit the scope of the Bill to guaranteed price commodities and to exclude non-guarantee commodities for which producers might suffer a 'grievous loss' in the event of an injudicious MAF order. In reply George Brown argued that Clause Four was intended to restrict price

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81 ibid., Cols. 189-191. On top of all these safeguards, Williams reminded the House, was the need for any proposed scheme to be approved by both the Commons and the Lords. (Col. 189).

82 ibid., Cols. 192-193. The Bill also contained clauses bringing Northern Ireland into the orbit of the Acts, and ones which required the Minister to amend existing or suspended schemes to bring them into line with the provisions of the new Bill.

83 H. of C. Deb., (5th Series) Vol. 460 Col. 196-199, January 19th 1949.

increases and could not be used to make producers reduce their prices, and that the chances of producers suffering serious losses were slight.<sup>84</sup> The amendment was defeated and the Bill gained the Royal Assent on May 31st 1949.

During the preparation of the Bill MAF had pressed for their Minister to be given powers to pay compensation in such cases of loss to producers.<sup>85</sup> The Treasury together with the Ministry of Food and the Board of Trade rejected MAF's proposals, arguing that marketing boards had to 'take the rough with the smooth' given their not inconsiderable powers, and the safeguard provided by the Committee of Investigation.<sup>86</sup> MAF raised the issue again in the Lord President's Committee, with George Brown arguing that the case for compensation was 'logically incontestable'.<sup>87</sup> MAF's arguments were once again ignored, however, and no provision for compensation was made in the Bill.<sup>88</sup>

The NFU welcomed what it saw as the removal of the Lucas threat and, somewhat immodestly, argued that the Union could 'claim credit if not for completely exterminating the Lucas Committee proposals ..... at least for removing them out of the realm of serious politics at the present time'.<sup>89</sup> The NFU also joined in the

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84 H. of C. Deb., (5th Series) Vol. 463 Col. 1747-1751, April 4th 1949.

85 PRO T 223/35, October 25th 1948, Baber to W.H. Fisher. Baber was the Assistant Secretary to MAF's Marketing Division.

86 PRO T 223/35, October 29th 1948, W.H. Fisher to Sir Herbert Brittain; November 11th 1948, Douglas Jay to Bernard Gilbert.

87 LP(48)87, November 17th 1948, 'Agricultural Marketing Bill', memorandum by the Joint Parliamentary Secretary, MAF in PRO CAB 132/10.

88 LP(48) 17th Mtg., November 26th 1948, in PRO CAB 132/9.

89 The Farmers' Weekly, January 7th 1949.

criticism of Clause Four of the 1949 Marketing Bill. However, as was mentioned above the Union made no official comment on the Lucas Report at the time of its publication, and it was not until 1950 that the NFU produced a comprehensive statement of its own long-term food and marketing policy. The consumer, the NFU argued, should receive the highest quality food at the lowest cost consistent with a reasonable return for all those involved in efficient production and distribution. The existing channels of distribution should be retained where they had shown themselves to be both necessary and efficient. With regard to the guaranteed price commodities the NFU felt that the overall aim of marketing boards should be to reduce the gap between producer and retail prices, and to secure an adequate and constant supply of food.<sup>90</sup> The corner-stone of this policy was, the Union argued, the producer marketing board; in James Turner's words:

'Production policy, no matter how sound, will be incomplete and unsatisfactory if it is not linked to progressive marketing for which producers themselves take the major share of responsibility'.<sup>91</sup>

The TUC had expressed its dissatisfaction with the Government when Tom Williams had announced in May 1948 that the Lucas Report was being set aside for further examination. The TUC had argued that 'positive action' was required to reduce food prices through improved marketing and distribution, 'a necessary contribution towards the Government's whole policy of economic stabilization'.<sup>92</sup> The provisions made

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90 British Farmer, June 30th 1950.

91 ibid., December 31st 1950.

92 The TUC, Annual Report 1948, p.264.

for worker and consumer representation on marketing boards in the 1949 Act were regarded as being inadequate, and the TUC's Economic Committee felt that 'dangerous' powers had been left in the hands of producers. It was also feared that the new Act would prejudice the future implementation of the Lucas Proposals.<sup>93</sup>

The TUC and the NUAW met Williams in March 1949. Williams was reluctant to discuss the Report in detail, arguing that it was primarily the concern of the Ministry of Food and he merely re-iterated that the new legislation would not prejudice the future implementation of the main Lucas recommendations. With regard to the composition of marketing boards Williams argued that to increase the numbers of representatives of other interested groups might discourage the adoption of new schemes by producers.<sup>94</sup> However, the Bill was later amended to allow the Minister to appoint 'persons conversant with the interests of consumers of the product' onto the boards, and to appoint one member of a Committee of Investigation, after consultation with the BOT. In most cases it was expected that this appointment would involve a member of the Monopolies and Restrictive Practices Commission.

The NUAW remained committed to both the Lucas and Williams Reports. In April 1948 the NUAW President E.G. Gooch MP had told a meeting of the Guild of Agricultural Journalists that the Lucas Committee had made an 'unanswerable case' for the public control of the channels of food distribution. The Union's May Conference 1948 unanimously passed a resolution calling on the Government to give 'due

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93     The TUC, Annual Report 1949, p.241-42.

94     The Landworker, May 1948 and August 1948.

consideration to the Lucas Committee and to establish public control of agricultural marketing; arguing that the system established under the old Marketing Acts was no longer appropriate. At the 1950 Conference another resolution was passed calling on Labour to take immediate steps to adopt the two Reports' recommendations, and Tom Williams was criticised for failing to 'stand up' to the farmers. Delegates argued that 'on this question, as on many others, the time has arrived to make a stand and impose Labour policy on the farmers'.<sup>95</sup>

The Lucas Report found further support in the pages of The Economist, which argued that the powers possessed by the pre-war boards were impossible to justify, even in the light of the conditions prevailing in the early 1930's. The Lucas proposals were not perfect, but they offered 'concrete remedies for a half-baked and economically vicious policy - or rather lack of policy - into which Britain had drifted as a result of the war'.<sup>96</sup> Lucas was one way of dislodging producers and distributors from the 'feather-bed' created by Government policy; farmers and distributors were paid on a 'cost-plus' basis and this, The Economist argued, meant that there was little impetus to increased efficiency and no limit to the taxpayers' liability. Under the new system producers would still have a role to play, controlling marketing and distribution up to the point at which the guaranteed price came into operation. Farmers already had sufficient safeguards against a return to pre-war conditions, and so had 'no business to seek further precautions at the expense of marketing efficiency'.<sup>97</sup> Under the Lucas proposals there would be a fairly ruthless cutting of distributive margins and

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95     The Landworker, August 1950.

96     The Economist, November 22nd 1947.

97     ibid., April 3rd 1948.



the elimination as redundant of many distributive and processing concerns, a process that would not endear the Report to these groups either. Although The Economist advised the Government to take steps to implement the Report, it somewhat prophetically suggested that it would ultimately be ignored.<sup>98</sup>

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98 ibid., November 22nd 1947.

(iii)

The MMB and the PMB were finally able to resume their operations in 1954, their powers having been adjusted to allow them to administer the Government's price guarantees; these adjustments included provision for Government control over the determination of selling prices and distributors margins.<sup>99</sup> Although the Conservatives had expressed their support for marketing boards in the 1948 Agricultural Charter, the Party adopted a far more pragmatic approach to the question after 1951. On the question of a cereals marketing board the Government yielded to pressure from the National Association of British and Irish Millers, who launched a press campaign to demonstrate the undesirability of the producer control of cereal marketing.<sup>100</sup> The NFU gave in without a fight on this occasion but the issue of fatstock marketing brought the producers into conflict with the Government. The NFU argued for the creation of a marketing board to deal with the purchase, slaughter and grading of all fatstock but again found their proposals turned down. This was due in part to pressure from the Livestock and Home Produced Meat Policy Committee, an organisation representing dealers, auctioneers and butchers. However, the Government also had its own doubts about the scheme, and particularly about the scale of the proposals; in a 1953 White Paper the Government argued that the funding of such a board would present considerable problems and that it would be difficult to

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99 A Wool Marketing Board had been established in 1950 as one of the arrangements for adding wool to the list of guaranteed price commodities under the 1947 Act.

100 See Self and Storing, The State and the Farmer (1962), p.97.

reconcile a producer board with the powers suggested by the NFU with adequate consumer choice.<sup>101</sup>

The eventual outcome of the dispute was that the NFU abandoned its proposals for a statutory marketing scheme and established the Fatstock Marketing Corporation, having first persuaded the Government to pay to the Corporation the subsidies that farmers selling to auctions would have received. Any producer could join the scheme for a small fee, and the Corporation was controlled by the NFU and one of its subsidiaries, the NFU Development Company. The Corporation was designed to be 'a commercial competitive version of a producers' board'.<sup>102</sup> In the case of eggs the Government initially agreed to a statutory marketing scheme, but at the public enquiry into the proposals required under the Marketing Acts strong objections to the scheme were raised, not on this occasion by the distributive trades but by producers and producer-retailers themselves. Their resistance to a marketing board stemmed from the restrictions that would be placed on local and private egg sales. A marketing board for eggs was eventually established, but only after the NFU had somewhat unwillingly agreed to allow producers to sell ungraded eggs.<sup>103</sup>

As the Lucas Report argued, in the inter-war period marketing boards were largely seen by producers as being simply 'an instrument of price negotiation and not at all as an instrument for the improvement of their own productive and marketing

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101 Decontrol of Food and Marketing of Agricultural Produce, Cmd 8989 (1953).

102 British Farmer, May 1954.

103 See Self and Storing, op. cit. p.100-102.

techniques.<sup>104</sup> In the post-war period the former function was performed by the NFU in conjunction with the Government but little progress was made towards realising the Marketing Acts other objectives. For example, the MMB introduced a number of services for its members, including the provision of grass-drying centres and AI Services, but the initial impetus for these schemes and a large measure of financial support came from Central Government. The Cook Committee found that British milk producers were tending to maximise output through high yields to the detriment of the nutritional value of the milk they produced. Although the MMB did impose penalties on producers whose butter fat content fell below a certain level it did little to encourage producers to increase the nutritional value of their milk.<sup>105</sup> In Denmark and Holland producers were paid according to their milk's fat and solid's content. In the case of the PMB price stabilization was only achieved at the cost of restrictions on the most efficient producers. If producers saw marketing boards as a further guarantee of their industry's economic position, then they failed in this role as well. Sir James Turner hoped that the restoration of the MMB would protect producers from 'some of the consequences of the wrongful administration of the Agriculture Act', but it had little effect against the tide of Conservative policy after 1951, which culminated in the introduction of production quotas in 1961.<sup>106</sup>

Thus the criticisms that the Lucas Report had directed at the pre-war marketing boards could also be directed at their post-war counterparts. The introduction of the deficiency payments system and the Conservative's 'retrenchment' in expenditure on

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104 Lucas Report, p.13.

105 Milk Composition in the UK (Cook Report), Cmd 1147 (1960).

106 British Farmer, January 31st 1952.

agriculture might have been expected to encourage an improvement in the quality, presentation and marketing of agricultural produce, but in practice few improvements were made. Producers saw marketing boards as a further source of economic security but thereafter had little interest in pursuing any other of the Marketing Acts' other objectives. Farmers tended to see their job as being to produce the food, and that getting it to the consumer in the right form, at the right grade, and at the right time was not their responsibility. Marketing boards were democratically run organisations and so given the ingrained individualism of its members, and their lack of a 'marketing sense', it is perhaps not wholly surprising that boards tended to pursue essentially conservative policies. Boards would have been unwilling to upset their members by forcing through improvements, preferring to rely on their bargaining and regulatory powers. As Self and Storing argue, by allowing producers to maximise production without any regard for the quality of their product the MMB 'acquiesced in a trend ..... temporarily profitable to a majority of its producers but ..... probably short-sighted'.<sup>107</sup> As the MMB's inter-war experience showed however, had the Boards attempted to cut distributors' margins or to introduce similarly 'radical' policies, they would have faced strong opposition from the distributive trades.

Would Commodity Commissions as envisaged by the Lucas and Brittain Committees have provided a more effective alternative? The limited experience of the more circumscribed pre-war Committees gives little clue as to how the proposed Commissions would have fared. What is clear, however, is that Labour would have faced tremendous resistance to such reorganization, both from the producers and the

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107 Self and Storing, op. cit., p.106-107.

distributive trades and from within the Government itself. Speaking in 1948 John Knowles, the NFU's General Secretary, explained why the Union had remained silent on the Lucas proposals:

'In this sphere of marketing there has existed for two years a balance so politically delicate that premature action had to be avoided at all costs'.<sup>108</sup>

The Union was concerned to remain politically neutral and agricultural marketing was a policy issue which threatened to become a political issue. The Conservatives were quick to voice their support for the principle of producer marketing while the Co-operative wing of the Labour Party, traditionally hostile to producer boards, welcomed the Lucas Report's recommendations. More generally, Labour's views on public enterprise and control, and on planning and the cost of living, seemed to suggest that the Party as a whole would favour the proposed reforms. As Section (ii) showed MAF and the Ministry of Food were prepared to accept the broad principle of Commodity Commissions, although their proposals were not as comprehensive as those contained in the Lucas Report. Tom Williams was prepared to accept the general approach to marketing outlined in the more far-reaching Brittain Report, and to begin discussions with the outside interests. His Department's view, prior to the findings of the Brittain Committee, was while as a general principle 'there are certain prima facie advantages in the establishment of independent commissions for the main agricultural commodities', the Lucas Committee had been 'unduly impressed' by the

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108 British Farmer, December 31st 1948.

example of livestock marketing in recommending the general adoption of Commodity Commissions.<sup>109</sup>

Given Williams' attitude and that of his Department, Self and Storing are wrong to argue that it was the Minister of Agriculture who was mainly responsible for 'killing off' the Lucas Report.<sup>110</sup> John Strachey proved to be the most implacable critic of Commodity Commissions, and the Board of Trade were also less than enthusiastic about the implications of the proposed reforms. The BOT argued that the powers the Ministry of Food would assume under the new system would be a 'major precedent' in the field of peace-time distribution policy, and would be introduced in the absence of any general Government policy on wholesale and retail distribution.<sup>111</sup> There was the added complication of promises made to the distributive trades; in a speech in Cardiff in 1948 Harold Wilson, the President of the Board, had stated that 'the policy on which we went to the country for a mandate in 1945 did not include any fundamental alteration of the present structure of distribution'. In the Board's view this would preclude any attempt being made to implement the Lucas proposals in the lifetime of the 1945 Parliament as any attempt to do so would be regarded as a breach of faith by the industry.<sup>112</sup> The Lucas report had emphasised the need for a 'ruthless' cutting of distributive margins and the rationalization of the wholesale and retail trades, and the row that such action would almost certainly have caused would have

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109 PRO BT 64/2371, March 4th 1948, 'The Lucas Committee' MAF memorandum.

110 Self and Storing, *op. cit.*, p.92-93.

111 PRO BT 64/2371, June 21st 1948, Note of a Meeting.

112 PRO CAB 134/276, June 9th 1948, FD(48)6, 'Distribution Policy and Commodity Commissions', BOT memorandum.

been exacerbated by the absence of accurate costings and figures on the relationship between costs and the sizes of firms, which would have prevented the Government making accurate judgements about the relative efficiency of different firms.<sup>113</sup>

Although Ministry of Food officials had been involved in the preparation of the Brittain proposals John Strachey, a supporter of Commissions against producer marketing, argued that in practice the former would represent the worst of all possible worlds for the consumer, and that the economy would stand or fall on the success of the Government's system of food procurement. Strachey's criticisms also revealed his general concern at the direction Labour's agricultural policy was taking, a concern which was to be expressed more vocally in the discussions surrounding the APR's. As the Minister with overall responsibility for the proposed Commissions Strachey was clearly aware of the political damage the failure of the Commissions would inflict on him personally, as well as on the Labour Party and its policies. His own proposals for the distributive trades envisaged a 'half-way house' between nationalization and competitive free enterprise, and acknowledged that nationalization was too inflexible to deal with the retail trade, an echo of the Lucas Reports conclusions. Strachey remained a committed critic of the principle of producer marketing.

Had Labour decided to press ahead with the Lucas recommendations it is clear that the Government would have faced strong opposition from both sides of the farm gate. Such a course of action would also have placed the NFU in a very difficult position, one which would have threatened to compromise its political neutrality. The 1946

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113 See Edith Whetham, *op. cit.*, p.112.



SPR dispute had already raised the threat of a mass resignation of producers' representatives from the CAEC's, and it is likely that such a threat would have been used, and indeed put into action, if the Lucas proposals had been introduced. Such a dispute would have been at best embarrassing for the Government, and could also have seriously affected the progress of the expansion programme, something Labour must clearly have been aware of. In the long-run, however, any such action would have been more damaging to the farmers themselves, and a 'farmers' strike' was not a realistic course of action. However, faced with the hostility of the farmers and distributive trades, and no less importantly the criticisms of Strachey and the Board of Trade, it is perhaps not surprising that the Lucas and Brittain proposals were allowed to gather dust during Labour's remaining years in office. The Conservative victory in 1951 sounded their final death knell.

## **(VI)**

### **'AGRICULTURAL EXPANSION, 1945-51'**

#### **INTRODUCTION**

Earlier chapters have dealt with the economic and financial background to the launch of the expansion programme and with the operation of the APR procedure between 1945 and 1951. The subject of this chapter is the progress of the expansion programme and the problems MAF faced in attempting to secure its production targets after August 1947. Section (i) and (ii) will deal with the expansion programme while section (iii) will discuss the evolution and operation of the CAEC system after 1945. Section (iv) will attempt to assess what had been achieved by 1951, both in terms of output and dollars saved, although the issue of the cost of expansion is dealt with more comprehensively in Chapter IV.

The overall aim of the expansion programme was to increase the net output of UK agriculture by £100 million by 1951/52, an increase of 20% over 1946/47 and of 50% over the immediate pre-war period. The individual production targets are given in Table One. Approximately half of this increase was expected to come from increased efficiency, and the rest from the additional resources that would be made available to the industry. Housing for agricultural workers and steel for farm machinery were to be given top priority. Prices, subsidies and acreage payments were all increased and a number of new financial inducements to increased production were introduced,

including financial assistance to encourage grass conservation and a 'ploughing-up' subsidy of £4 per acre, payable on any grassland more than three years old which was turned over to an approved crop. The essence of the programme was the expansion of livestock production, the maintenance of the already expanded net total output of crops, and a further, though comparatively small, increase in the production of animal feedstuffs.<sup>1</sup> Wheat production was also to be increased.

Numerous meetings were held to explain the programme and to spur the industry into making every possible effort to achieve the Government's targets. At a meeting of 500 CAEC and District Chairmen and Executive Officers, Herbert Morrison gave the following pledge:

'I have come to assure you on behalf of the Government as a whole that they mean business - that they will insist upon high priority for your requirements from all departments - that they realise that you will require not merely co-operation but aggressive support'.<sup>2</sup>

Speaking at a meeting of the Farmers' Club Tom Williams stressed that the expansion programme 'was not a panic measure, undertaken in a moment of crisis in contradiction to a previous policy. On the contrary, it is consistent with the soundest long-term policy for the industry'.<sup>3</sup> The most important element of the programme,

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1 If the targets are translated into acreages, and on the assumption that yields were maintained at wartime levels, then by 1951 the total grain acreage had to be just below its highest wartime peak, i.e. the 1943 harvest. See The Economist, September 27th 1947.

2 The Farmer and Stockbreeder, August 26th 1947.

3 The Farmer and Stockbreeder, October 10th 1947.

Williams continued, was the expansion of feed supplies; although it was hoped that after 1949 'considerably increased' supplies would be available from abroad, the supplies could not be guaranteed. It was therefore vital that home production be increased. There could, Williams stressed, be no question of the country ever returning to her pre-war level of food imports, given the UK's financial position and the fact that it was unlikely that there would be a large exportable surplus of food available in the future.

The programme was welcomed by the industry, although many were quick to point out the need for adequate resources for the industry to draw on. For example, the CLA were 'willing and anxious' to give the Government their support, but 'the conditions must exist which enable such whole-hearted support to be given'.<sup>4</sup> The increase in production the Government hoped to secure from 'new' farming would depend 'entirely on how the Government provides the means of production'.<sup>5</sup> Outside the industry the Government's plans were viewed somewhat more critically; the Agricultural Economics Research Institute (the AERI) estimated that the expansion programme would cost some £500 million in higher prices and subsidies over the five-year period, and warned of the effects that this could have on the cost of British export goods.<sup>6</sup> The Economist saw the programme as a 'temporary expedient for tiding over the foreign exchange problems of the next few years', arguing that if the industry was to play a constructive role in solving the country's balance of payments

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4 'Notes on points to be discussed with the Minister of Agriculture', October 28th 1947, CLA File A (VI) (Institute of Agricultural Research, Reading).

5 The Farmers' Weekly, September 12th 1947.

6 'The £100 million Expansion Programme for Agriculture', in the Westminster Bank Review, November 1947.

problems, it should be allowed to expand slowly on a 'sure basis of rising efficiency'. Greater attention had also be paid to the overall cost of the programme.<sup>7</sup> It was further argued that the necessary physical resources would not become available as quickly as the Government hoped, with the labour supply the 'crux' of the problem, and the expansion of livestock production was seen as presenting a serious problem for the Government.<sup>8</sup>

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7     The Economist, September 27th 1947.

8     ibid., and Westminster Bank Review, November 1947.

(i)

The fanfares that greeted the launch of the expansion programme were soon silenced by fears that shortages of feedstuffs would begin to impede the expansion of livestock production. At the suggestion of Sir Edwin Plowden the Agricultural Output Committee<sup>9</sup> was reassembled to review the wheat and feedstuffs situation, and by the end of October 1947 the Committee had set up a working party under F.W. Smith, from CEPS, to consider the feedstuffs supply situation.<sup>10</sup> The Committee's report was submitted to the Economic Policy Committee in November 1947.<sup>11</sup> For the year beginning September 1947 there was a deficit in the supplies needed to maintain existing ration scales of 261,000 tons, with a further deficit of 200,000 tons in unrationed feeds. The latter could be made worse by the diversion of 350,000 tons of oats to human consumption. The Report estimated that the additional amount of cereals needed to increase rations between May and September 1948, in accordance with the expansion programme, was 700,000 tons, 200,000 of which would be needed to increase stocks. If these deficits could not be made good, livestock would have to be slaughtered and, the Report argued, there could be no expansion in pig and poultry numbers. There would also be a serious loss of confidence amongst producers and

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9 A Committee composed of officials from MAF, the Treasury, the Ministry of Food, the Economic Section and the Cabinet Office. The Committee was originally created in July 1947 to investigate the possibility of increasing net output by £100 million by 1951/52. See LP(47) 23rd, July 25th 1947, in PRO CAB 132/6.

10 The Working Party consisted of representatives of the Agricultural Departments, the Ministry of Food, CEPS, the Economic Section and the Lord President's Office. See PRO T223/217, October 31st 1947, AD(47) 6th Mtg.

11 EPC(47)17, November 1947, 'Livestock Expansion Programme', memorandum by the Agriculture Ministers (covering a report by the Agricultural Output Committee) in PRO CAB 134/215.

this would make them less eager to expand in the future. The farmers' confidence in the Government would also be dented if ration scales were not increased in 1948.

The estimates of the size of the deficit assumed that all the supplies contracted for would be delivered, and the Report could only suggest two other immediate sources of additional supplies; the purchase of grain from Brazil and Australia and the diversion of grain from human and industrial uses, mainly brewing and distilling. Taken together these two sources would yield approximately 310,000 tons of grain, enough to cover the deficit in rationed feeds. An additional 900,000 tons of barley, maize and oats might be available from Russia and Yugoslavia, if negotiations with these two countries were successful.<sup>12</sup> The Report argued that no increase in feed supplies could be announced until, or indeed unless, an agreement was reached with the Russians.

If rations were increased in 1948 it would be assumed that this increase would be retained in 1949, and would thus increase future commitments. If rations were increased in accordance with the expansion programme, 1.9 million tons of cereals would have to be imported in 1948, and this figure would have increased to 2.8 million tons by 1950. With Marshall Aid and good world harvests in 1948 and 1949 'no great difficulty need be apprehended', but if harvests were poor and no dollars were available to buy wheat, the existing state of affairs would continue into 1949. Feed supplies, the Committee's report argued, would only be maintained by the diversion of grain and by the ad hoc purchase of coarse grain from marginal sources'

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12      Russia could potentially supply 750,000 tons and Yugoslavia 150,000 tons of cereals.

at high prices or on otherwise onerous conditions'. In anticipation of this situation the Working Party recommended that any supplies obtained in 1948 in excess of what was needed to meet existing ration scales should be put into reserve for 1949.

The Ministry of Food had argued that if the 1948 harvest was a poor one, and if dollars remained scarce, it would be necessary to revoke the promise that farmers would be able to retain 20% of their 1948 wheat and barley crop for stock feed. If the wheat supply situation became very serious then it might also become necessary to increase the extraction rate, which would reduce the supplies of cereal offals available for animal feed. The Agricultural Departments, however, felt that future policy should not be based on such pessimistic assumptions, which implied the cancellation of the livestock expansion programme and even the slaughtering of existing animals. The Agricultural Departments wanted Ministers to reaffirm the 20% pledge, unless they felt that the outlook for 1948 was so gloomy as to warrant the reversal of the livestock expansion programme.<sup>13</sup>

When presenting the Report to their colleagues the Agriculture Ministers reinforced this plea, and sought permission to announce that the existing ration scales would be maintained until September 1948. Every effort should be made, they continued, to obtain all the available supplies of maize and barley, and to reach an agreement with Russia and Yugoslavia as soon as possible. If agreement could not be reached, then they argued that 'drastic steps' would have to be taken. Grain would have to be

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13 AOC report on 'The Livestock Expansion Programme in Reldhen to the Prospective supplies of Feedstuffs', attached to EPC(47)17.



diverted from human and industrial uses to animal feed, and farmers would have to be told that any further livestock expansion was being postponed for the time being.

John Strachey viewed the future supply situation with a greater degree of pessimism. The existing ration scales could only be maintained if supplies of Russian grain were forthcoming, as the supplies available from other sources would be relatively small, and Strachey was not prepared to agree to further cuts in human food consumption, which he believed had already been reduced to levels where malnutrition was likely. The chances of obtaining supplies from Australia and Brazil seemed slim and Strachey argued that producers should be told that there was to be no expansion in 1948. If agreement was not reached with the Russians ration scales would have to be reduced and the 20% pledge revoked.<sup>14</sup> Within the Treasury it was felt that everything possible should be done to maintain existing animal numbers, including the diversion of grain from human and industrial uses, and that the point had not yet been reached where the Government should consider breaking its promise regarding wheat and barley from the 1948 harvest. The psychological impact on the industry would be too great.<sup>15</sup> The two memoranda were considered by the Economic Policy Committee in November 1947; it was decided that any announcement on rations should be deferred until a clearer picture had emerged of the state of the negotiations with all the UK's potential suppliers, particularly the USSR. It was hoped that from September 1948 supplies would be more plentiful.<sup>16</sup>

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14 EPC(47)20, November 19th 1947, 'The Livestock Expansion Programme', memorandum by the Minister of Food, in PRO CAB 134/215.

15 For example, see PRO T223/217, November 20th 1947, W.H. Fisher to Sir Herbert Brittain.

16 EPC(47) 9th Mtg., November 21st 1947, in PRO CAB 134/215.

This issue was raised again at the beginning of 1948. The Agricultural Departments argued that prospective feed supplies justified an announcement that existing ration scales would be maintained until April 1949, and once again emphasized the 'fundamental and imperative necessity' of honouring the 20% retention pledge if the expansion programme was to succeed.<sup>17</sup> Strachey was prepared to agree to such an announcement, but was 'reluctant' to agree to the honouring of the pledge. On a conservative estimate of the supply position it was reasonably certain that enough feed grains could be obtained; the supplies already contracted for could be supplemented by Russian grain and there was the possibility of further supplies being obtained from the Argentine and Slavia. The Ministry of Food did, however, have doubts about the future wheat supply, and argued that the highest possible level of domestic production would be required. The Government's long-term policy was 'very generous' to the industry and so farmers should not, Strachey argued, resent some special appeal now. The revoking of the pledge might upset the farmers, but Strachey was more concerned about the reactions of consumers if the bread supply was not maintained, particularly with a General Election not far away.<sup>18</sup> The Ministry of Food found little support for their recommendations, however; in a brief prepared for Cripps, CEPS recommended that he should not support Strachey, and the Secretary to the Lord President, E.M. Nicholson, stressed that:

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17 EPC(47)36, December 29th 1947, 'The Livestock Expansion Programme', memorandum by the Agriculture Ministers, in PRO CAB 134/215.

18 EPC(47)35, December 27th 1947, 'Feed Rations', memorandum by the Minister of Food, in PRO CAB 134/215.

'The farmers' disposition not to play the game would undoubtedly be much increased by what they would rightly regard as a swindle by the Government in going back on the 20% undertaking'.<sup>19</sup>

The two departments' proposals were considered by Cripps, Morrison and Attlee on January 5th 1948. Since Strachey had circulated his memorandum the Anglo-Soviet trade agreement had been signed and in the light of this development the Minister of Food was prepared to agree to producers being allowed to retain 20% of their barley crop for their livestock. It was, he argued, difficult to agree to a similar concession for wheat as the supply situation was for more uncertain, and as such a move could jeopardize the UK's chances of obtaining supplies of wheat under the European Recovery Programme. It was eventually agreed that both pledges would be honoured but that farmers would be warned that if there was an acute shortage of wheat for human consumption, coarse grain might have to be substituted for wheat. It was also agreed that MAF could announce that rations would be maintained at their existing level until the end of April 1949.<sup>20</sup>

Towards the end of January the Agriculture Ministers and the Minister of Food presented the results of an Agricultural Output Committee review of the cereal supply situation to the Economic Policy Committee.<sup>21</sup> Over the period from May 1948 to April 1949 the demand for cereal feeds would exceed the supplies available on

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19 PRO CAB 124/578, January 3rd 1948, E.M. Nicholson to Morrison and ibid., January 2nd 1948, Eric Roll to Sir Edwin Plowden.

20 EPC(48) 1st Mtg., January 5th 1948, in PRO CAB 134/216.

21 EPC(48)10, January 23rd 1948, 'The Livestock Expansion Programme', memorandum by the Agriculture Ministers and the Minister of Food, in PRO CAB 134/217.

existing estimates by 395,000 tons, if the prevailing levels of utilization were maintained. It was, however, hoped that additional supplies would be available to meet this deficit and Ministers felt that there was no need to reverse the decision to maintain rations at their existing levels. The possibility of increasing ration scales hinged on the outcome of talks with the Argentine Government.<sup>22</sup>

February and March 1948 saw the launch of the 'Grow More Food' campaign, an advertising campaign designed to increase agricultural efficiency and output, and the creation of an inter-departmental study group on domestic policy to be chaired by MAF's chief economic advisor, Sir Ralph Enfield.<sup>23</sup> The group was to report to the Agricultural Output Committee on the effects of shortages of feeds and other requisites on the expansion programme, and to consider the programme against the background of the world grain situation. The Ministry of Food's negotiations with both the USSR and the Argentine had proved to be successful and this had led to calls for ration increases, particularly from pig and poultry producers.<sup>24</sup> A memorandum on this question was circulated by Tom Williams at the end of March, based on the recommendations of the Enfield study group.<sup>25</sup>

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22 EPC(48) 5th Mtg., January 27th 1948, in PRO CAB 134/216.

23 See PRO INF 2/146, February 9th 1948, memorandum by G.J. Tolhurst, Director of the Ministry of Information's Campaigns and Lecture Division. PRO MAF 38/657, March 11th 1948, Vandepier to Enfield. The study group was to involve the Agriculture Departments, CEPS, the Treasury, the Economic Section and the Ministry of Food.

24 The Ministry of Food had obtained 2 million tons of coarse grain.

25 PC(48)39, March 19th 1948, 'Livestock Expansion Programme', memorandum by the Minister of Agriculture, in PRO CAB 134/637.

If the Russian and Argentine purchases were taken into account, and on the assumption there was no increase in human and industrial consumption, there would be a surplus of 500,000 tons of feed grain by April 1949. There was, however, a possibility that not all the Russian grain contracted for would be delivered if other parts of the trade agreement fell through, and if additional wheat supplies could not be obtained from Canada 350,000 tons of coarse grain would have to be given to producers in exchange for wheat from the 1948 harvest. Williams' memorandum argued that while no increase should be made in May 1948, an announcement should be made to the effect that the Government had not ruled out an increase in pig and poultry rations later in the year.<sup>26</sup> In a note to Cripps Plowden suggested that the Chancellor should support the former proposal but that he should press for no encouragement to be given to farmers to expect increased ration scales later in the year. Pig and poultry stocks had already begun to increase and any continuation of this trend, Plowden argued, was dangerous in view of the uncertain grain situation. Williams had suggested that it might be possible to buy more maize and barley from Argentina, but in view of the probable cost of such purchases and the country's continuing BOP problems Plowden believed there was little point in beginning further negotiations.<sup>27</sup> Williams' memorandum was considered by the Economic Policy Committee, who agreed with his proposals regarding rations and authorised him to make an early announcement. The Committee also agreed that no further attempts should be made to buy grain from Argentina; if these supplies were secured it was

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26 Pigs and poultry were by far the largest consumers of coarse grains.

27 PRO CAB 124/575, March 22nd 1948, Plowden to Cripps.

likely that the Americans would make equivalent reductions in allocations to the UK under the European Recovery Programme.<sup>28</sup>

In April 1948 the Enfield study group began a survey of the prospective feedstuffs supply situation for 1949/50. MAF wanted Enfield and his colleagues to consider three questions; the supply of feedstuffs needed in 1949/50 to carry out the expansion programme, the prospects of obtaining them from both domestic and overseas sources, and how much feed grain the Board of Trade should attempt to buy in any future negotiations with the Russians.<sup>29</sup> The main question in the minds of Ministers was the line to take on cropping plans for the 1949 harvest. The target acreages set for wheat in August 1947 for the proceeding three harvests were 2.5, 2.3 and 2.3 million acres; in view of the fact that the 1948 harvest acreage would fall short of the target, MAF suggested that the wheat acreage for the 1949 harvest should be increased to 2.5 million acres.<sup>30</sup> This would also allow producers to retain 20% of their wheat and barley crop. Williams also proposed to take powers under the 1947 Act to give directions as to the total area to be maintained under temporary and permanent grass. The Proposals were considered by the Production Committee at the end of May 1948. Williams supported his proposals by arguing that the producers would assume that the 20% retention pledge would be extended, and that the expansion programme would

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28 EPC(48) 12th Mtg., March 23rd 1948, in PRO CAB 134/216.

29 See PRO MAF 38/654, April 21st 1948, R.H. Franklin to H. Broadly; and Franklin to E. Roll.

30 PC(48)68, May 25th 1948, 'Cropping Arrangements for the 1949 Harvest', memorandum by the Minister of Agriculture, in PRO CAB 134/638. The reduction in the wheat acreage at the 1949 harvest had been programmed in the interests of good husbandry. On Ministry of Food estimates there would still be a world shortage of bread and coarse grains by 1951/52. See PRO T223/218, April 8th 1948, E.M.H. Lloyd to W.H. Fisher.

fail unless the Government was seen as pursuing a stable policy. In reply, Cripps emphasized that the future supply situation was too uncertain to admit of any such assurances while Edith Summerskill, the Parliamentary Secretary to the Ministry of Food, argued that there was still some doubt as to whether farmers should be able to keep wheat and barley from the 1948 harvest. She also stressed the importance of reducing dollar expenditure on wheat.

The dilemma facing Ministers was that, on the one hand, not allowing farmers to retain wheat and barley might endanger the whole programme and so disappoint consumers. On the other, however, a premature decision might lead to a situation where livestock had to be slaughtered, or bread very strictly rationed. The Production Committee agreed that any decision on the retention of grain from the 1949 harvest should be deferred. Subject to this, the MAF proposals were approved.<sup>31</sup>

The NFU raised a number of objections to the use of directions to maintain the tillage acreage, arguing that good results had been obtained in 1948 without directions and that the Government risked losing the goodwill of the industry. Farmers, the NFU argued, knew best how to manage their land. Against this the CAEC's, who had asked for these powers, argued that there was mounting evidence of under-sowing, and the threat of a large increase in the grassland acreage in 1949. MAF regarded the 1948 wheat harvest as being disappointing, and the Government had itself come under fire for failing to secure the maximum possible level of food production. MAF's view was that Ministers would have a better answer to these criticisms if directions were being

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31 PC(48) 11th Mtg., May 28th 1948, in PRO CAB 134/636.

issued. In Vandeppeer's view the case for taking powers was 'unanswerable', a view that was also shared by Tom Williams.<sup>32</sup> The NFU's arguments were to no avail and on August 24th 1948 the CAEC's were informed that powers to give directions as to the maximum acreage of pasture had been delegated to them for the period from July 1948 to December 1950. The use of directions was to be the exception rather than the rule, however, and the tillage acreage was to be kept as it's wartime peak level.<sup>33</sup>

In June 1948 Ministers once again reviewed prospective grain supplies for the coming year. John Strachey advocated the end of bread rationing, the maintenance of the extraction rate at 85% until June 1949, and the substitution of coarse grain for the wheat producers had been promised they could retain from their harvest.<sup>34</sup> In reply, Williams argued that although farmers had been warned of the possibility of substitution they had been informed that it would only be necessary if there was an acute shortage of wheat for human consumption. It would be difficult, he continued, to justify such a course of action when bread and flour were being derationed. Furthermore, Williams argued, wheat deliveries from the 1948 harvest had in fact exceeded Ministry of Food estimates, and there was also the possibility of further supplies of wheat being obtained from the USSR. As well as honouring the 20% retention pledge for wheat, MAF also wanted permission to release coarse grains to

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32 PRO MAF 37/195, June 10th 1948, memorandum by R.H. Franklin; June 12th 1948, Franklin to Vandeppeer and Vandeppeer to Williams.

33 PRO CAB 37/195, August 24th 1948, CAEC No. 48/134, memorandum to the CAEC's. The powers were obtained under the Agriculture (Special Directions) (Maximum Area of Pasture) Order 1948, and delegated to the CAEC's under the Agriculture (Special Directions) (Delegation to the CAEC's) Regulations 1948.

34 CP(48)152, June 17th 1948, 'Grain Supplies for the UK 1948/9', memorandum by the Minister of Food, in PRO CAB 129/28.



increase pig and poultry rations.<sup>35</sup> CEPS supported MAF on the former point, but recommended no increase in the coarse grain issue. Writing to Attlee, Norman Brook expressed the view that 'on the whole' MAF had the better of the argument. The Cabinet agreed to the end of bread rationing and to maintaining an 85% extraction rate, but not to breaking the pledge to farmers.<sup>36</sup>

These decisions were reaffirmed by the Cabinet a month later during discussions on the programmes to be submitted to the OEEC in connection with the forthcoming ERP negotiations. The Cabinet was forced to consider ways of adjusting the dollar programme as the amount of Marshall Aid available would fall short of the amount allowed for in the budget. The Chancellor argued that reversing the 20% wheat retention pledge would be a valuable source of dollar savings, and if savings were not made in this way then either the dollar reserves would have to be reduced or cuts would have to be made in other parts of the import programme. He was supported in this by Strachey. However, the effect on the livestock programme and the wheat supply was also discussed, and the Cabinet reaffirmed its earlier pledge, suggesting that the Ministers concerned make every effort to persuade farmers to market more than 80% of their wheat harvest and to accept coarse grain as a replacement.<sup>37</sup>

The Enfield study group published its first interim report in July 1948; by 1951/52 the expansion programme would require 6.7 million tons of feedstuffs of all types

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35 CP(48)153, June 18th 1948, 'Grain Supplies for the UK, 1948/9', memorandum by the Minister of Agriculture, in PRO CAB 129/28.

36 CM(48)41, June 22nd 1948, in PRO CAB 128/13. PRO PREM 8/1197, June 21st 1948, Brook to Attlee. PRO CAB 124/575, June 21st 1948, J.P. Keane to Sir R.L. Hall.

37 CM(48)49 and 50, June 12th and 13th 1948, both in PRO CAB 128/13.

(cereals, cereal products and protein feeds) and it was estimated that 6.2 million tons (+ or - 1.5 million) would be available from domestic and overseas sources. However, the BOP position at the end of Marshall Aid could affect the quantity of feeds imported, reducing the total available supply to 5.8 million tons. The Enfield study group had considered allowing the whole shortfall to fall on egg production; the original expansion programme target of 640 million dozen by 1951/52 would be reduced to 440 million dozen, the 1948/49 target level and the pre-war level of production.<sup>38</sup>

In October 1948 the group submitted a 'progress report' on the expansion programme to the Agricultural Output Committee.<sup>39</sup> The domestic production of bread grains in 1948 had been 252,000 acres below target, although a high acreage and yield of potatoes had been achieved. Livestock and milk production had made good, and in the case of eggs and poultry rapid, progress. The feed supplies position was 'not unsatisfactory'; home-grown supplies had increased considerably when compared with 1947, but in contrast the supply of imported feeds had been disappointing, notwithstanding the trade agreements signed with Russia and the Argentine. The programmed increases in ration scales were well behind schedule. The lesson of 1948 appeared to be that crop targets would be harder to reach than livestock targets; when the programme had been launched it had been thought that the reverse would be the case. The failure to achieve the programmed acreage targets was due largely to the dry autumn, and to labour, machinery and fertilizer shortages. Drawing on the Enfield

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38 PRO MAF 38/654, July 8th 1948, SGAD(48)7.

39 PRO T223/220, October 1948, AD(48)18, 'Agricultural Progress Report'.

group's report the Agricultural Output Committee produced its own survey of the expansion programme, which it submitted to the Economic Planning Board in November 1948.<sup>40</sup> The Agricultural Output Committee argued that, overall, agricultural production was 'not unsatisfactory' and that the failure to achieve some of the production targets was due to the fact that in some cases targets had been set too high. Others could be blamed on external circumstances, mainly shortages of vital requisites. The response of the industry itself appeared to be 'ready and even eager' but this initial enthusiasm could, the Report argued, easily evaporate in the face of a shortage of 'tools for the job'. There had been some improvement, particularly in the provision of machinery, buildings and drainage, but a number of other problems had still to be solved, such as labour shortages at harvest time and the supply of imported feeds, which was hampered by foreign exchange problems. The Report felt that while in general fertilizer shortages gave no great cause for concern, the nitrogen situation was a growing problem, and a severe shortage of nitrogen-based fertilizers would have serious implications for grassland development.

In general the Agricultural Output Committee felt that the expansion programme had been devised on the right lines and that, subject to the various points made, adequate steps had been taken to implement the programme. The Economic Planning Board endorsed the Report's findings, adding that the increase in output envisaged in the expansion programme was still of the greatest importance and recommending that MAF 'vigourously pursue' its efforts to increase production. This view was in turn

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40 PRO MAF 38/655, November 18th 1948, AD(48)24/EPB(48)30, 'Survey of the Agricultural Expansion Programme'.

endorsed by Ministers when the Report was presented to the Production Committee in December 1948.<sup>41</sup>

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<sup>41</sup> PC(48)150, December 13th 1948, 'A Survey of the Agricultural Expansion Programme', memorandum by the Chancellor of the Exchequer and the Minister of Agriculture, in PRO CAB 134/639.

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In May 1949 MAF finally obtained Ministerial approval for an increase in the rations issued to pig producers, an increase in pigmeat production being the only way to secure a rapid increase in home-produced meat supplies.<sup>42</sup> Domestic cereal production, it was argued, could not be increased rapidly enough and so Williams also sought approval for 'moderate' increases in cereal and protein imports. Pigs would have first call on the additional supplies, with any remainder going to increase rations for calves. Additional supplies could also be obtained by reducing the extraction rate. Williams reminded his colleagues that in a speech to CAEC Chairman in August 1947 Herbert Morrison had promised that even scarce dollars would be spent on animal feeds for the expansion programme.<sup>43</sup> The Minister of Food supported his colleague's proposals, feeling that the improved world grain situation made the risk of increasing rations worth taking. Supplies would be available from both dollar and non-dollar sources, and Strachey was quick to stress that if extra supplies could be obtained he would not accept any attempts by the Treasury to use these purchases as an excuse to cut purchases of food for human consumption. The Minister of Food also supported a cut in the extraction rate, from 85% to 82 1/2%, a smaller reduction than had been suggested by Williams.<sup>44</sup>

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42 PC(49) 11th Mtg., May 5th 1949, in PRO CAB 134/640.

43 PC(49)46 (Revise), April 29th 1949, 'Animal Feeds', memorandum by the Minister of Agriculture, in PRO CAB 134/641.

44 PC(49)54, May 4th 1949, 'Animal Feeds', memorandum by the Minister of Food, in PRO CAB 134/641. The 1949 APR had made pig production an attractive proposition, but the basic ration only corresponded to 1/5th of the pre-war numbers of pigs. The improvements being made in grassland development and grass-drying would only effect cattle and sheep production.

In discussion Williams dropped his proposal for a reduction in the extraction rate but both he and Strachey reiterated their calls for increases in the purchase of imported feeds. Large exportable surpluses were being offered for sale by the Soviet Union and Argentina, but the Treasury view was that it was 'very imprudent' to gamble on the successful outcome of foreign negotiations. If the increased rations had to be supported by dollar purchases this would necessitate cuts in other items in the import programme. The general view amongst Ministers was that while no decision should be taken on calf rations at that stage, a delay in the decision on pig rations would jeopardize any chance of an increase in pigmeat supplies in 1950, and so the MAF proposals were approved.<sup>45</sup> By July 1949 a trade agreement had been reached with the Argentine Government and a provisional contract had also been signed with the Soviet Union, and so additional supplies of grain were available without the need for further dollar expenditure. The Cabinet subsequently approved an increase in feed rations for pigs, calves and cows due to calve in the autumn.<sup>46</sup>

May 1949 also saw MAF growing increasingly concerned over the progress of the crop expansion programme; wheat and potato acreages were the lowest since the end of the war and fell a long way short of the programmed targets for 1949. Farmers were increasingly seen as being complacent, a condition MAF believed was encouraged in part by the increases in pig rations. What was lacking, MAF believed, was 'a continuous effort by the NFU to tell their members the truth about the

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45 PC(49) 11th Mtg., May 5th 1949, in PRO CAB 134/640.

46 CM(49)49, July 27th 1949, in PRO CAB 128/16.

expansion programme and to implement their 1947 pledge of maximum support'.<sup>47</sup> Farmers were continually pressing for increases in feed imports when in the long-term they were expected to be 70% self-sufficient in coarse grains. MAF emphasized that farmers had to be made aware of this fact, and that the NFU itself could play an important role. Writing to Vandeppeer R.H. Franklin suggested that all possible measures should be taken to alert farmers to the gravity of the situation, beginning with a meeting with NFU leaders.<sup>48</sup> Tom Williams met Sir James Turner and his colleagues at the end of June. Williams stressed that cropping trends in 1949 raised serious doubts about the future of the programme as a whole, and about the industry's contribution to the solving of the UK's BOP problems. Livestock production depended on both grassland and tillage production, and Williams reminded the meeting that the targets set for 1951/52 would be maintained in subsequent years.<sup>49</sup>

After further discussions with the NFU it was decided that conferences on cropping targets would be initiated between CAEC's and NFU county branches, on the basis of an agenda to be drawn up by MAF and the NFU. The Union would report to MAF on the outcome of the conferences, and their findings would then be used as a basis for 'full-dress' discussions between the Ministry and the NFU on production targets.<sup>50</sup>

Vandeppeer was, however, keen to stress that no undertaking to reduce targets could

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47 PRO MAF 120/31, May 30th 1949, minute by J. Hensley; May 26th 1949, minute by H.S. Barnes. A failure to reach the 1949 targets would be a source of profound embarrassment to the Government at the forthcoming OEEC meeting, as the UK would be seen as 'slacking off' in only the second year of the European Recovery Programme.

48 PRO MAF 120/31, June 24th 1949, Franklin to Vandeppeer.

49 PRO MAF 120/2, June 29th 1949, 'Statement by the Minister at a Meeting of NFU Leaders'. Williams expressed similar views in a letter sent to the CAEC chairman on July 22nd 1949 in PRO MAF 120/2.

50 PRO MAF 120/31, July 28th 1949, Note of the Second Meeting between the Agricultural Departments and the NFU.

be made as a result of the talks as the Government remained 'deeply committed' to the targets. In reply Turner argued that many of the Government's assumptions had proved to be unrealistic, and that therefore the Union should not be bound by its former acceptance of the programme. Any further impetus to the production drive, he continued, would be abortive unless an objective analysis was made of the production targets in terms of their long-term maintenance, and unless the Government conducted an examination of labour and machinery supplies, grants subsidies, and feeding stuffs supplies. The meetings were to be treated as 'merely part of the normal machinery of consultation between the Ministry, the Committees and the NFU ..... no further press or other publicity is necessary or desirable'.<sup>51</sup> The results of the county reviews were presented to the Agricultural Output Committee in December 1949.<sup>52</sup> The overall conclusion was that the main deterrents to increased crop production were a lack of confidence in the continuity of the pattern of farming inherent in the programme, labour shortages (particularly at peak times), and a lack of adequate rural facilities.

While the NFU and the CAECs had been debating these issues, the Economic Section and CEPS had been engaged in a more far-reaching review of the expansion programme. At a meeting of the Agricultural Output Committee in March 1949 the representatives of the two departments had voiced their concern, and that of the Chancellor, at the mounting cost of the expansion programme.<sup>53</sup> It was felt that the

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51 PRO MAF 120/2, August 10th 1949, Chair. 49/5, letter from Vandeppeer to the CAEC Chairman.

52 PRO MAF 38/622, December 6th 1949, AD(49)15, 'Crop Targets', MAF memorandum. See also PRO MAF 120/2, undated, 'Summary of Replies from NFU/CAEC Meetings'.

53 PRO MAF 38/622, March 28th 1949, AD(49) 1st Mtg. See Chapter IV.



cost of home-produced food was getting increasingly out of line with the cost of imported food. Home production and subsidy policy, they continued, should be examined in the light of changing import price levels, and in the light of what the country could now realistically afford. Vandeppeer agreed to the proposed review, but felt that the provisions of the 1947 Act were 'sacrosanct and fundamental' to the needs of the industry and should therefore not be challenged as an instrument of policy. Any report, he continued, should confine itself to an examination of the methods of applying the Act's principles.

The report was finally presented to Ministers in January 1950,<sup>54</sup> and drew heavily on the findings of the joint MAF/NFU review of crop production targets. The main aim of the report was to suggest ways of reducing some of the burden of agricultural support on the Exchequer by reducing what was seen as excessively costly production. The report had also been influenced by the Programmes Committee's review of the balance of payments position which indicated that, except in particular cases such as meat, the need for substantial increases in home production on the lines of the original August 1947 programme was not so urgent as it had originally appeared.<sup>55</sup>

The Committee's report emphasized the changes that had taken place since the August 1947 programme had been launched. In 1947 the country had been facing a severe general BOP crisis, but by 1950 there was an approximate overall balance, albeit

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54 EPC(50)7, January 5th 1950, covering AD(49)18 'Review of the Agricultural Expansion Programme', Agricultural Output Committee memorandum, in PRO CAB 134/225.

55 PRO T229/256, January 4th 1950, P. Keane to R.L. Hall; August 11th 1949, AD(49)5, Note by W.H. Fisher on the Agricultural Output Committee Review.

within certain strong constraints. The dollar position remained critical, however, and so the need to expand production to save dollars remained 'paramount'. More and more commodities were becoming available from 'soft' currency sources, and devaluation had altered the relationship between home and imported prices. The Committee felt that the latter provided an ideal opportunity for relative prices to be allowed to determine the pattern of home production. An upper limit had been placed on the total cost of food subsidies and so unless the additional supplies required from home and overseas sources could be obtained at a lower price, the increased total cost would be reflected in the cost of living. This could have serious consequences for the Government's wages stabilization policy. While there was clearly still a need to expand production to save dollars, these altered conditions had to be taken into consideration. The Committee's view was that where supplies of a particular commodity were available from soft currency sources at a lower price than the home-produced item, long-term production trends should be adjusted so as to release resources for the production of dollar-saving commodities, or of those in which the UK enjoyed a comparative advantage.

Considerations of cost would, however, also apply to dollar-saving commodities, and the Report envisaged a point being reached where the cost of home production might make it more economical to buy from dollar sources, or even to do without additional supplies altogether. Wheat was included in this category; while there was little difference between the prices of home-produced and imported wheat for the 1950/51 season, it was likely that the future trend in import prices would be downwards. The Committee's view was that while no adjustment should be made in the target acreages

for 1951 and 1952, there should be no attempt to achieve them 'at all costs', for example by introducing substantial price increases.<sup>56</sup> This concern over the cost of agricultural expansion also made itself felt in the decision to end the fertilizer and feedstuffs subsidies, and to reduce the potato acreage at the 1951 harvest. Home-produced coarse grains were cheaper than imported supplies, and so maximum production was in the interest of both the producers and the nation. The main sources of imports were the USSR and the Argentine, but neither offered guaranteed supplies. If these sources dried up the Government would have to spend dollars to ensure that livestock targets were achieved. It was also expected that the competition for soft-currency supplies would increase as ERP aid was reduced. The outstanding food shortage was in carcase meat and it was one that the Committee believed was likely to continue for the foreseeable future. In view of this, and the likely trends in prices, the continued expansion of home meat production was 'clearly desirable'.<sup>57</sup> Beef and mutton production was to be encouraged by a vigorous campaign of grassland improvement. The output of pigmeat was to be increased to the greatest possible extent allowed by feed supplies, although there was to be no change in the programmed targets. No steps were to be taken to encourage further increases in milk production.

The eventual outcome of the review of the expansion programme was an adjustment of the production targets for the 1951 harvest. At the suggestion of the Economic Planning Board the target wheat acreage was reduced from 2.75 to 2.55 million acres

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56 The Report did, however, argue that price increases could be given to maintain the price differential between wheat and other cereals.

57 By 1953/54 meat exports from the major producers had only recovered to their pre-war level.

and the potato acreage target from 1.3 to 1.25 million.<sup>58</sup> In both cases it was hoped that the reductions would be offset in tonnage terms by increased yields. There were to be no reductions in feeding grain targets, and no change in the general balance between arable and pasture.<sup>59</sup> In September 1950 Williams wrote to the CAEC Chairman, reviewing both home production and the international supply situation. While the 1950 wheat acreage had been a great improvement over 1949, the acreages of other grains were disappointing. Overseas supplies of coarse grain remained uncertain and Williams wanted to increase domestic production, although not at the expense of wheat. In general, however, Williams felt that the expansion programme was proceeding on the right lines.<sup>60</sup> At a meeting of CAEC Chairmen in May 1951 Williams stressed that there could be no 'slacking off' in the efforts to increase output, with production increasingly turning towards meat from home-grown feeds, at the expense of further increases in milk and egg production. There would be no limit on the amount of coarse grain needed and it might be necessary to reduce the wheat acreage to make way for barley and oats, if wheat yields could be increased to maintain output in tonnage terms.<sup>61</sup>

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58 EPC(50)8, January 6th 1950, 'The Agricultural Expansion Programme : The Views of the Economic Planning Board', Note by the Chancellor of the Exchequer, in PRO CAB 134/225.

59 See CP(50)17, February 2nd 1950, 'Agricultural Prices and Foodstuffs rationing, memorandum by the Agriculture Ministers, in PRO CAB 129/38; CM(50)4, February 7th 1950, in PRO CAB 128/17; PRO MAF 120/32, April 19th 1950, CAEC 50/37, memorandum to the CAEC's on 'Revised Crop and Tillage Targets, 1951'.

60 PRO MAF 120/32, September 7th 1950, Chair 50/4, 'Review of Production and the International Situation'.

61 PRO MAF 39/404, May 23rd 1951, 'Minister's Conference of CAEC Chairmen : Report of the Meeting'.

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The 1947 Act reconstituted the County War Agricultural Executive Committees (CWAEC's) as permanent bodies, the Minister's agents charged with the administration of the provisions of the Act under the direction of the Minister himself.<sup>62</sup> The word 'War' was subsequently dropped from the Committees' title. The Act also provided that CAEC staffs should become civil servants employed by MAF, and many of the wartime officers were given permanent posts.<sup>63</sup> During the war Committee staffs had largely been employed by the Committees themselves. The greatest peacetime change, however, was in the constitution of the Committees. Although the CWAEC's had been intended to represent agricultural interests, amongst others, their ultimate responsibility was to the Minister, and to emphasize this they were appointed without any consultation with the industry. In peacetime it was felt necessary to make the CAEC's more explicitly representative of the industry, whilst continuing to emphasize their original role as the Ministers agents in the field.<sup>64</sup> The method for achieving this was contained in the 1947 Act, with the Minister being empowered to choose representatives from lists of nominees provided by the CLA, NFU, NUAW and the TGWU. The Minister would appoint five of the twelve members himself, all of whom were to have had some experience of the agricultural industry in their county. One of the five appointees would be a member of the County Council, and this was intended to provide a link between the CAEC's and the agricultural functions of the

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62 Agriculture Bill : Explanatory Memorandum, Cmd 6996 (1947), p.23.

63 Sir John Winnifrith, The Ministry of Agriculture, Fisheries and Food (1962), p.247-48. See also Report of the Committee Appointed to Review the Organisation of MAF (Ryan Report), 1951, p.7.

64 See Self and Storing, The State and the Farmer (1962), p.140-41.

Councils, which were largely centred on agricultural education and the provision of smallholdings.<sup>65</sup> Most of the County Committees' work was to be carried on through Sub-Committees and the District Committees.

The Sub-Committees were appointed by the County Committees and their recommendations had to be confirmed at county level. The various Sub-Committees fell into three broad groups. The Husbandry and Estate Management sub-committees carried out duties arising from Parts II and III of the 1947 Act and the Agricultural Holdings Act 1923. Other Sub-Committees were concerned with production and technical efficiency or with the provision of services for the farmer. The District Committees, usually numbering six per county, were also appointed by the CAEC's and were generally composed of local farmers who were not members of the CAEC. The District Committees were the main points of contact with the farmer and:

'On their activity largely depends the achievement of production targets on the farm and the development of agriculture by the exchange of ideas based on practical farming experience ..... their vital part in the efforts to attain a high standard of farming throughout the country cannot be over-estimated'.<sup>66</sup>

The CAEC's were assigned an important role in the administration of post-war policy and were also seen as playing an important part in the success of the expansion

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65      Cmd 6996 (1947), p.22-23.

66      Ryan Report, p.7.

programme. However, the CAEC system was the subject of increasing criticism after 1947, both from within Whitehall and from within the industry itself. The President of the NFU argued that the CAEC's were too busy with their numerous other duties to give their full attention to their 'prime duty', ensuring that land was farmed according to the rules of good husbandry.<sup>67</sup> Turner also felt that the Committees were being prevented from using their own judgement, an argument taken up by many CAEC members themselves.

'The present system of centralization to the last comma from Whitehall militates against Committees doing anything useful on their own initiative'.<sup>68</sup>

A number of Committee members resigned over what they regarded as MAF 'interference' in their activities. As the expansion programme progressed Whitehall, and in particular the Treasury, became increasingly critical of MAF's organisation in the field. In 1948, concerned at the growth in the Ministry's field staff, the Treasury had undertaken an investigation of the CAEC's in the hope of finding ways of making economies in staffing levels. The main recommendation to emerge was a proposal to amalgamate a number of the smaller CAEC's, which was rejected by MAF on the grounds that it would disturb the county basis of the organisation and would create dissension within the Committees themselves.<sup>69</sup>

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67 The Times, October 10th 1949.

68 The Farmers' Weekly, December 9th 1949.

69 PRO T222/143, October 20th 1949, J.R. Simpson to Sir E. Bridges. Between 1939 and 1950 the staff employed by MAF grew from 2,654 to 15,567, with the proportion of the staff in the field increasing over the same period from 40% to 80%. (See the Ryan Report, p.3-4).

The Treasury raised this issue again in 1949, and the Select Committee on Estimates drew attention to the heavy losses incurred by the CAEC's on their trading services. Many Committees were accused of simply operating in their members' interests, ignoring those of the agricultural community as a whole.<sup>70</sup> These criticisms, combined with growing disquiet about the rapid growth of the Ministry and the role of the CAEC's in relation to the National Agricultural Advisory Service (NAAS) led to calls for a thorough investigation of MAF's organisation. The strongest voice belonged to the Treasury, Cripps having expressed his own concern at the growth of MAF's staff while reviewing the Estimates for 1949.<sup>71</sup> MAF acknowledged that in view of the department's rapid expansion, 'it would be valuable to have the views of two or three people with experience of large-scale organisation in business and in other departments' on the structure of MAF.<sup>72</sup> At a meeting in October 1949 Bridges and Vandeppeer drafted the terms of reference of a Committee to undertake a review of MAF, and at the recommendation of Vandeppeer John Ryan, the Vice-Chairman of Metal Box Ltd, was appointed as the Committee's Chairman.<sup>73</sup> The Ryan Committee was formally appointed in November 1949.

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The economies suggested by the Treasury would have cut staffing levels by 5%, 500 out of the then total of 10,000 staff.

70 11th Report of the Select Committee on Estimates, 1949. The CAEC's trading services included labour and machinery pools and the performance of certain farming operations under contract.

71 See PRO T222/143, September 28th 1949, Sir E. Bridges to Sir D. Vandeppeer.

72 PRO T222/143, September 29th 1949, Vandeppeer to Bridges. The Treasury view, however, was that MAF should be 'overhauled' and all possible economies made. It seems that this view was not made known to MAF. ibid., October 10th 1949, J.R. Simpson to Bridges.

73 PRO T222/143, October 7th 1949, Note of a Meeting between Bridges and Vandeppeer.



'To review the development of the organisation of the MAF since 1939, with particular reference to the working of the CAEC's, its decentralised activities generally and their relationship to the Headquarter's Offices; to consider whether any changes are necessary and to make recommendations'.<sup>74</sup>

MAF were anxious to avoid publicity and to play down any suggestion of a 'reshuffle' of the CAEC's, preferring to announce the appointment of the Ryan Committee through a report to the Select Committee rather than through the press as had been the case with the reviews of the Inland revenue and the Air Ministry. MAF's view was that the CAEC and NAAS system was a new machine which was 'soundly designed' but which required some 'running in'.<sup>75</sup>

The Committee met fifty-two times and considered evidence from the Minister, the Permanent Secretary and Senior Ministry Officials, as well as from members and staff of the CAEC's and all branches of the industry. Visits were also made to three CAEC's, and the Committee attended CAEC meetings and meetings of CAEC Chairmen. The final draft of the Report was completed in February 1951. The Report concluded that the CAEC's were 'carrying a heavy burden of work' and suggested that they be relieved of their trading and routine functions, as this would leave them free to concentrate on their 'fundamental function' of promoting the development and

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74 Ryan Report, p.1. The other members of the Committee were J.R. Bickersteth (Chairman, East Sussex CAEC), G.S. Dunnett (Deputy Secretary, MAF), F. Grant (Under-Secretary MAF), H.B. Purcell (British Oil and Cake Mills), and J.R. Simpson (Director of the Treasury's O. & M. Division).

75 PRO T222/143, November 18th 1949, Dunnett to Simpson.

efficiency of the industry. While the CAEC's and the NAAS would still work closely together, the Report argued that there was no need for Advisory Service Officers to work under the direction of the CAEC's, and recommended that the NAAS should become a separate organisation, independent of the Committees. This would remove any potential obstacles to their work amongst farmers, and would also leave staff more time to concentrate on their advisory work. As things stood NAAS was often caught between the roles of 'policeman' and 'friend' to the farmer. To encourage greater co-operation between the education and advisory services, the Committee recommended the creation of a Joint Committee, drawing its membership from both services as well as from the CAEC's and the industry itself. County offices would be established to act as the Ministry's local administrative units, taking over the trading and routine functions of the CAEC's and the staffs employed in these functions. These county offices would be supervised by a new MAF division, and the majority of MAF's local expenditure would be delegated to the county offices.<sup>76</sup>

The Report was written in the knowledge that it would be published and that its recommendations would have to be carefully presented if they were to win the support of the CAEC's. In a confidential letter to Sir Edward Bridges J.R. Simpson, a Committee member and the Director of the Treasury's Organisation and Methods Division, emphasised that 'In writing the Report care was (therefore) taken to tone down, or to avoid, criticism of the workings of the CAEC system'.<sup>77</sup> Similar restraint was also used when making out a case for the reorganisation of the Ministry's field

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76 Ryan Report, p.49-50.

77 PRO T222/141, March 29th 1949, Simpson to Bridges.

organisation; in both cases, Simpson stressed, had the Report been written as a confidential document the criticisms made would have been far more 'stringent'.<sup>78</sup> MAF policy in general and the functions of the Ministry had been outside the Committees terms of reference, which confined them to considering organisational questions within the framework of existing legislation, but Simpson stressed that the Committee had felt unease at some of MAF's 'multifarious activities'. The proposals made regarding the Committees' trading services should not, he continued, be taken to mean that all the members of the Ryan Committee had seen these functions as being 'necessary and desirable'.<sup>79</sup>

The County Executives had been a 'necessary evil' in wartime but in peacetime, Simpson believed, they had degenerated into an 'extravagant and unnecessary medium for carrying out the executive work of the Department. They provide an example of "management by Committee" at it's worst'. Large savings in both money and manpower could be made, he continued, if these functions were taken over by MAF directly and operated through the County Offices. The CAEC's would be left with certain statutory functions and the responsibility for encouraging better farming practice. It was anticipated that the majority of CAEC members would resist any such reduction in their power and authority, but Simpson felt that the strength of the Committee's case was shown by the fact that they had won the support of the CAEC

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78 One of the Committee's published recommendations was the abolition of the alphabetical grading system for farmers (A = Good, B = Fair, C = Poor), which they suggested gave a false impression of objectivity and national uniformity.

79 PRO T222/141, March 29th 1949, Simpson to Bridges.

representative on the Committee.<sup>80</sup> Two financial issues had occupied the Committee; the lack of independent criticism of expenditure proposals within MAF, and the lack of a 'vigorous and imaginative' approach to CAEC spending on their trading services. As long as expenditure was kept within the Estimates, Simpson complained, 'everyone seemed happy'. He believed this state of affairs could be remedied by the appointment of an under-secretary for finance, the delegation of control of local expenditure to MAF county offices, the creation of an internal audit, and quarterly accounts for the trading services.

MAF declared that they would defer any final decision on the Ryan Report until they had obtained the views of the Committees themselves and of the industry as a whole, although the recommendation to create a financial under-secretary was taken up soon after the Report was published. The Treasury were prepared to accept this, but were eager to avoid any undue delay in implementing the recommendations.<sup>81</sup> The Treasury's main fear was that Williams would not want to jeopardise the 'fund of goodwill' he had built up by upsetting the farmers and that 'the Ministry of Agriculture, determined as they are in the present circumstances not to do anything rashly, will in fact do nothing at all'.<sup>82</sup> Simpson was, however, confident that MAF would in fact support their recommendations; the Committee had included two senior

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80 ibid., Some Committee members had also had misgivings about the NAAS system as a whole but as MAF was committed to providing the service, they restricted themselves to recommending the separation of the NAAS from the CAEC's.

81 PRO T222/142, April 9th 1951, Simpson to Bridges; May 4th 1951, Bridges to Simpson.

82 ibid., May 4th 1951, Bridges to Simpson. Simpson believed that Williams had overstated the opposition the proposals would receive from the industry.

MAF officials and Vandeppeer, without committing his Minister, had expressed his general agreement with the Report's findings.<sup>83</sup>

Simpson was soon to find that his confidence in MAF had been misplaced; all criticism of the Committees had been omitted to allow MAF to 'sell' the Report to the CAEC's, but Simpson quickly came to the conclusion that MAF were not giving the Committees a positive 'line' to follow on the Report, and that they were adopting an essentially neutral stance on the proposals. It was increasingly felt within the Treasury that MAF were not prepared to stand up to the farmers and that they were 'abrogating any central responsibility and leaving it to the Divisions and people mostly concerned to say whether the recommendations should be adopted or not'.<sup>84</sup> The Committee had also underestimated the strength of the resistance to the Report from within the industry; the CAEC's and NAAS both unanimously rejected the main recommendations of the Report, and the NFU and the CLA both rejected the proposal to relieve the Committees of their trading functions. The Ministry's Land Division also rejected all the proposals, the only department to do so.<sup>85</sup> As G.S. Dunnett, writing to Simpson, stated:

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83 PRO T222/142, June 23rd 1951, Simpson to Sir James Crombie.

84 PRO T222/142, August 21st 1951, Simpson to D. Stephens, reporting correspondence between Sir James Crombie and Sir Donald Vandeppeer.

85 PRO MAF 184/23, undated, 'Opinion on Major Ryan Recommendations' and 'The Considerations of the Ryan Report by the NFU'. All the representative organisations had seen the published version of the Committee's recommendations. I have found no evidence to suggest that they were aware of the Committee's private views on the CAEC system.

'The Chairmen are in a pretty formidable entrenchment, and some of their shots are very shrewd. Also, what we want is not to defeat them but to get them to change sides, which is much more difficult'.<sup>86</sup>

By the time Labour left office in the autumn of 1951 virtually no progress had been made in implementing the Ryan Report proposals. Some progress was made after 1951, however; county offices were not introduced but Whitehall began to exert a stronger influence on the CAEC's by increasing the number of instructions it issued. Committees were only allowed to continue their trading services if they could operate them without loss, and this led to a general curtailment in the range of services offered.<sup>87</sup> It was not until 1956 and the publication of the Arton Wilson Committee Report<sup>88</sup> that any changes were made in MAF's organisation, and by this time the CAEC's, aware of their dwindling importance, put up only token resistance.

If MAF had attempted to force the Ryan Report conclusions onto the CAEC's it is likely that Williams et al would have faced an open revolt by Committee members and the breakdown of the CAEC system. Given the important role the CAEC's and the District Committees were seen as playing in the future of the expansion programme and the continuing need to maintain a high level of dollar-saving production, the likely impact of the proposed reforms cannot have encouraged MAF to proceed with implementing the Ryan Report. As J.R. Simpson observed at the time, Tom Williams was also unlikely to do anything that would prejudice his own

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86 PRO T222/142, September 26th 1951, Dunnett to Simpson.

87 See Self and Storing, op. cit., p.151-152.

88 Cmd 9732 (1956).

or the Government's relationship with the farmers, and a large number of farmers were also members of County or District Committees. As we have seen Labour placed considerable importance on winning the industry's political as well as practical support for their policies, and so would therefore have wanted to avoid upsetting producers in the run-up to a general election. However, it is also clear that any such action would also have hit the farmers themselves, as the CAEC's were the source of the numerous grants and subsidies available to farmers. It is likely that any such militant action would ultimately have been more politically damaging to the Committees, and the industry as a whole, than to the Government. While maximum food production remained the overriding need, the CAEC's could remain resistant to change and 'interference' from Whitehall. After 1953/54, however, the food supply began to improve and so the importance of the Committees began to wane, and the Government was able to 'streamline' MAF's organisation in the field.

How are we to assess the work of the CAEC's in the years up to 1951? As Self and Storing emphasize, it was through the Committees that the industry accepted a fairly vigorous programme of regulation and control.<sup>89</sup> Given the traditional distrust of 'farming from Whitehall' and the deep-rooted individualism of British farmers, it is hard to see how else the Government could have attempted to regulate the industry in peacetime, and to ensure its production targets were reached, whilst retaining the active support and co-operation of the industry. The CAEC system also had the advantage of having proved its worth in wartime, and of encouraging the industry to, at least in part, administer itself and to take responsibility for ensuring standards of

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89 Self and Storing, op. cit., p.139.

good husbandry. Even within the CAEC system there were complaints that Committees were not given enough scope to use their own initiative. Without the co-operation engendered by the CAEC system it is difficult to see how the expansion could have succeeded, given the sheer scale of the task and the absence of an established county-level MAF organisation. A farmer could lose his livelihood if he was judged not to be farming in accordance with the rules of good husbandry.

'But at least these judgements were made by practical local people who could be expected to appreciate the farmer's problems and to apply their powers with sympathy and moderation'.<sup>90</sup>

A decision-making body composed of 'outsiders' would have alienated the farmers, and this would have had serious implications for the expansion programme.

Were the CAEC's an example of 'management by committee' at its worst? One yardstick which could be used is the expansion programme itself and what was achieved in terms of output and efficiency. Another might be the activities of the Committees themselves. Between March 1948, when the 1947 Act came into force, and the end of 1951 3,000 supervision orders were issued and 157 farmers and ten landowners were dispossessed. Over the ten year period (1947-57) Part II of the Act was in operation, 5,011 supervision orders were issued and 400 dispossessions carried out.<sup>91</sup> Very few instances of the abuse of their powers by Committee members could

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90 Self and Storing, op. cit., p.114.

91 ibid., Appendix B, p.238.



be found. There were a number of safeguards against such abuse; for example, the Minister's approval was required for the transfer of any compulsorily acquired land to a member of a CAEC. The independent land tribunals acted as another check on Committee decisions. Over the ten years 1,926 appeals were heard, arising from decisions made by the Minister, 544 of which were allowed. The majority of the appeals concerned landlord and tenant disputes; of the 177 appeals over dispossession orders, 42 were allowed. While supervision on its own would only have had a direct effect on a comparatively small number of farmers, the 'fear of Committee action spread its influence over a wide circle',<sup>92</sup> and it is impossible to measure the indirect effect the activities of the CAEC's had on farming standards.

Inevitably Committee decisions often caused great hardship, but this would have occurred whether the decisions were taken by the CAEC's or MAF Officers in county offices. In fact, Committees often did everything in their power to avoid creating such hardship, and often resembled 'over-indulgent parents, saving the rod and spoiling the child, far more than some stone hearted rural gestapo trampling down the rights of British yeomen'<sup>93</sup> While on the one hand this can lead one to question the effectiveness of the CAEC's as administrators of Government policy, would a more directly centrally-controlled, MAF-run system of controls have been any more effective in the long-run? In financial terms the system envisaged by Simpson et al in their private discussions might have proved more efficient, but it is doubtful that

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92     ibid., p.134.

93     ibid., p.134.

it would have enjoyed the general day-to-day support the CAEC system continued to receive from the industry until the repeal of Part II of the 1947 Act in 1958.

This chapter and an earlier chapter have dealt with the factors behind the launch of the expansion programme and the progress of the Government's production drive after August 1947. As was mentioned above, by 1950 changing economic and financial conditions were beginning to influence Government thinking on agricultural expansion. Devaluation had helped to ease Britain's general BOP problems, although the need to maintain the impetus of agricultural production per se was not in doubt, in the light of the country's more intractable dollar problems.<sup>94</sup> Chapter IV dealt with the financial costs of Labour's agricultural policies, and of the expansion programme in particular. Leaving these issues aside, on what other criteria are we to assess what was achieved between 1947 and 1951?

By 1951/52 the volume of net output had increased by 42% over the average pre-war level of production (Base year = average of years 1936/37 to 1938/39 = 100), and the programmed target of a 50% increase was finally achieved in the 1952/53 season. MAF defined gross output as the total amount of production sold off farms in the UK or consumed in farm households. Net output was defined as gross output minus the amount of purchased materials used in production. However, only those items which represented British indebtedness to foreign agriculture, for example feeds, seeds and livestock, were deducted. MAF's calculations took no account of inputs such as artificial fertilizers, tractor fuel and the work of agricultural contractors, all of which

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94 'The Balance of payments deficit vanished; but like the Cheshire Cat it left it's grin behind in the form of an intractable dollar deficit'. Sir Alec Cairncross, Years of Recovery (1985), p.22.

played an important part in expanding production but which represented agriculture's indebtedness to non-agricultural production. As Worswick and Ady argue:

'For this reason it is probable that the official net output index somewhat exaggerates the magnitude of the increase which is fairly attributable to the efforts of those engaged in the agriculture industry'.<sup>95</sup>

The Food and Agriculture Organisation estimated that gross output in the UK in 1949/50 was 21% higher than in the average pre-war year, although to measure what was achieved in these terms would be to ignore the increases in crop yield and improvements in the utilization of agricultural resources such as grassland and animal feeds, the latter being in greatly reduced supply in the post-war period. The years after 1947 saw increasing yields for all the main cereal crops and potatoes, with the result that by the end of 1951 they were at levels higher than those achieved at the peak of the wartime production effort. Between 1947 and 1951 the average yield per acre of wheat increased from 15 cwt to 22 cwt, having fallen from 19 cwt to 15 cwt between 1945 and 1947, and potato yields increased from 5.75 tons to 8 tons per acre, the yield having initially fallen from 7 tons in 1945.<sup>96</sup> These increases were due to increased mechanization, improved cultivation techniques and new varieties of crops, and in particular to the increased use of artificial fertilizers; between 1940 and 1951 the quantity of phosphates applied to British soil increased from just under 200,000

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95 D.K. Brittan, 'Agriculture', in Worswick and Ady (eds.), The British Economy, 1945-1950 (1952), p.467.

96 H.T. Williams, Principles for British Agricultural Policy (1960), p.59.

tons to nearly 450,000 tons, and the usage of nitrogen and potash-based fertilizers also increased.<sup>97</sup> The mechanisation of British agriculture had been accelerated by the demands of the war and this process continued and gained pace in the post-war period, encouraged by labour shortages and the rising cost of labour to the producer. In 1939 there were some 64,000 tractors in UK but by 1944 this figure had risen to 173,000, reaching 350,000 by 1950. Between 1944 and 1950 the number of combines in use increased from 2,500 to 10,500 and the number of milking machines on British farms more than doubled over the same period, increasing from 38,000 to 79,000.<sup>98</sup> Milk and meat yields also increased, albeit not to the same extent, helped by the development of better breeding techniques and the provision of the Artificial Insemination (AI) service which made good quality breeding stock available to farmers who could not afford to buy their own pedigree bull.

Another measure of the achievement of the expansion programme might be the change in British agriculture's contribution to home food supplies. In 1939 British farmers provided 30% of the nation's calories, 44% of the protein and 31% of the fats required; by 1949/50 these figures were 39%, 53% and 34% respectively.<sup>99</sup> The figures for civilian calorie intake per day are given below (Pre-War annual average = 100).<sup>100</sup>

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97 ibid., p.60.

98 See Williams, op. cit., p.56, and Worswick and Ady (eds.) op. cit., p.469.

99 Worswick and Ady, op. cit., p.467. The population had increased by 3 million over this period.

100 Food Consumption Levels in the UK, Cmd 7842 (1949), p.3.

	1940	1941	1942	1943	1944	1945	1946	1947	1948	1948/49
Calories	93	94	96	95	100	98	96	96	96	99

As compared with the pre-war period, in the years after 1940 the UK population was obtaining more of its calories from dairy produce, grains and potatoes, and less from meat and oils and fats, a trend that continued into the post-war period, as Table One shows.

**Table One**

	Pre-war	1945	1946	1947	1948	1948/49
Dairy products (ex. butter)	9	11	11	11	11	11
Meat (inc. bacon/ canned meat)	17	13	13	12	11	10
Oils/fats (inc. butter)	17	14	14	13	15	15
Sugar and Syrups	15	11	12	13	13	14
Potatoes	4	6	7	7	6	6
Grain products	30	38	35	36	37	36
Other foods	8	7	8	8	7	8
Total	100	100	100	100	100	100

Percentage of total calorie intake derived  
from certain groups of Foods<sup>101</sup>

101 ibid., p.3.

Although rations fell below the wartime average in the immediate post-war period, the even distribution of basic foodstuffs and the issuing of supplies of orange juice, milk and fish liver oil to children and pregnant women helped to maintain and even improve the country's general health in the face of post-war austerity.<sup>102</sup> When considering net output figures account must be taken of the fact that a larger proportion of post-war production was given over to the production of low-value commodities, such as grains and potatoes, than was the case before 1939. As Table Two shows, although the essence of the expansion programme was a recovery in domestic livestock production, it also entailed large increases in arable production over its 1936-38 level. John R. Raeburn calculated that at 1953 c.i.f. prices home production was saving £117 million more in foreign exchange than at the end of the war;<sup>103</sup> in 1950/51 the total cost of agricultural support (current prices) was £400 million, a figure which never fell below £240 million during the 1950's. As Section (ii) showed, by 1950 even the expansion of dollar saving production was ultimately seen as being dependent on considerations of the overall cost of such production to the nation.<sup>104</sup>

How was this increase in output achieved? The Government saw the price mechanism as playing a key role in increasing agricultural production, and the expansion programme was launched on the back of a considerable increase in producers' prices.

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102 An account of the 'trials and tribulations of the British housewife' between 1945 and 1951 can be found in S. Cooper, 'Snoek Piquante', in Sissons and French (eds.), Age of Austerity (1963).

103 J.R. Raeburn, 'Agricultural Policy : Some Economic Results and Prospects', The Three Banks Review, No. 20, December 1943.

104 These issues were discussed in detail in Chapter IV.

Looking back over the whole period the Agricultural Improvement Council (AIC) focussed on the broad effects of wartime and post-war legislation.

'The fixed prices for agricultural requirements and the guaranteed markets and prices for agricultural products reduced the farmer's chance of making a quick profit from mere astute buying and selling and greatly enhanced the importance of technical skill in the business of farming. It became possible for the first time for the farmer to calculate with reasonable accuracy the financial result of applying a new method'.<sup>105</sup>

The AIC also emphasized the important role played by the CAEC's and the National Agricultural Advisory Service. An adequate supply of labour had been seen as one of the essential requirements for the success of the expansion programme and while between 1947 and 1950 there was an increase of between 30-40,000 in the numbers of men regularly employed in the industry, this was more than offset by a decline in the number of women employed and the loss of a large number of POW's. The 'drift from the land' resumed again in the 1950's, and the agricultural labour force never reached the level thought necessary for the success of the programme, and special measures had to be introduced to secure the additional supplies needed at harvest and other peak times, with the employment of soldiers and children in the fields and the creation of special volunteer camps.

Labour shortages may bear some of the blame for the relatively poor progress made towards increasing arable, and particularly coarse grain, production up to 1951, despite

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105 From the AIC's second report, quoted in E.H. Whetham, British Farming 1939-49 (1952), p.163.



considerable increases in prices and profits. Figures for post-war production are given in Table Three. Even after the Treasury subsidy on animal feedstuffs was removed, a move which resulted in a large increase in prices, farmers remained more willing to continue buying-in feeds than to grow their own. Was it, as Edith Whetham has suggested, simply that 'about 12 million acres of crops in the UK represents as much worry and risk as farmers are willing (except in wartime) to undertake in this form?'<sup>106</sup> One of the main conclusions of the Joint NFU/CAEC review of cropping targets was that, despite Government assurances, production was being held back by a lack of confidence within the industry as to the long-term future of domestic production with memories of the 'Great Betrayal' clearly still fresh in many farmers' minds.

However, there was also a good deal of complacency within the industry, particularly with regard to feed supplies; when MAF expressed its concern over shortfalls in the programmed coarse grain targets in May 1949 the NFU's initial response was simply to suggest that the Government should endeavour to import more cereals.<sup>107</sup> The fixed prices and guaranteed markets which the AIC saw as allowing the producer to plan with greater confidence may also have helped to foster this air of complacency within the industry. The tendency of CAEC's to 'spare the rod' in their dealings with producers may also have been a factor, but it is also clear that Committees were prepared to use the full range of their powers against recalcitrant farmers, and it is

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106 E.H. Whetham, 'The Agricultural Expansion Programme', in the Journal of Agricultural Economics, Vol. XI No.3 (1954), p.315.

107 See PRO MAF 120/31, May 26th 1949, Note by H.S. Barnes.

impossible to assess the indirect impact supervision orders and disposessions would have had on other producers.

Labour shortages were, to a great extent, offset by the growth of mechanisation within the industry, which in turn helped to increase labour productivity. M.C. Matheson's index for labour productivity in agriculture for the period from 1939 to 1951, taking as a base year an average of the years 1936/37 to 1938/39, shows that productivity increased by 31%, despite the greater amount of time which had to be directed to growing stock feed to offset reductions in imported supplies.<sup>108</sup> Increased yields also helped to offset shortfalls in acreage targets, and would also have helped to increase labour productivity. Figures for the 1950's produced by Sharp and Capstick suggest that the average annual growth of labour productivity in agriculture compared very favourably with that of other industries; agriculture's annual rate of growth was 5.1%, while in oil refining labour productivity was growing at 4.9% and in the economy as a whole the rate was 2.5%.<sup>109</sup> There was no increase in the total area under cultivation in the post-war period, and the acreage of often high quality farm land that was lost to urban and industrial uses was not matched by an equivalent increase in reclaimed land, although considerable improvements were made in the productivity of marginal land, particularly in hill and upland areas, through the assistance made available under the Hill Farming Act 1946 and the Livestock Rearing Act 1951.

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108 M.C. Mathieson, 'Labour Productivity in British Agriculture', in the Journal of Agricultural Economics, Vol. XI No. 3 (1954), p.315.

109 G. Sharp and C.W. Capstick, 'The Place of Agriculture in the National Economy', in The Journal of Agricultural Economics, Vol. XVII No. 1 (1966) p.9.

As we have seen, by 1950 the whole question of the overall cost of the expansion programme was beginning to cause concern within a number of Government departments, and by the middle of the decade it had become the one issue which dominated Government thinking on agricultural policy. The main problem for the Conservatives was the over-production of a number of major commodities, milk, pigs and eggs, at levels exceeding those at which these commodities could be sold without a heavy subsidy.<sup>110</sup> In some respects these problems were an inheritance from the policies pursued by Labour, the expansion of production through price schedules which proved to be unrealistically high in the changing market conditions of the 1950's. More generally, the Conservatives were faced with the problem of adjusting agricultural production to cope with increasing abundance rather than with scarcity.

Pigmeat production had recovered to its pre-war level by 1951/52, encouraged by increased feed rations and by substantial price incentives, a policy that was initially continued by the Conservatives in order to expand meat supplies to a level that would facilitate derationing. In three years production increased from 315,000 tons to 757,000 tons. However, after decontrol the prices offered to farmers proved to be way above the market price for pigmeat, the problem being one of excessive U.K. prices rather than excessive foreign competition, and the Government's interest lay in reducing the production of any commodity which entailed a heavy subsidy. Substantial cuts were subsequently made in the level of support for pig production, but the pig subsidy still accounted for 1/4 of total Government expenditure in 1955/56.

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110 Conservative policy after 1951 is discussed in more detail in Chapter VII.

Milk production had been encouraged in the war and post war years for nutritional and health reasons, and by 1951 liquid milk consumption was double its pre-war level and had exceeded the expansion programme target, accounting for 1/3 of net agricultural output. Labour had attempted to damp down production at the 1951 APR but with little success. Production continued to expand but the market for liquid milk remained static with the result that an increasing quantity of liquid milk had to be diverted into manufacturing at a heavy loss to the Government. By 1954 farmers were being told to reduce stock numbers, and that any further increase in production would not be eligible for subsidy payments.<sup>111</sup> Cuts in the subsidies paid to egg producers forced many small producers out of business although overall production continued to increase through the introduction of new production techniques and increasing technical efficiency. In Labour's defence it must be emphasized that when the expansion programme was launched the recovery of world food production and the movement in the terms of trade which occurred in the 1950's could not have been foreseen; in the 1940's expert opinion had foreseen a long period of comparative food shortage and persistent BOP problems. Milk played a vital part in maintaining the nation's diet, helping to offset the deterioration in supplies of fresh meat, and the expansion of pig production was the quickest way of increasing the supply of meat to the consumer, and had been one of the areas of production most affected by wartime cuts in feed supplies. As was mentioned above, the Conservatives themselves initially placed renewed emphasis on increasing pig production. However, after 1952 anxieties over the 'dollar gap' began to recede and the terms of trade increasingly

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111 Edith Whetham has suggested that in the case of milk the stimulus given to production was 'too large at the start and too long continued'. op. cit., p.315.

began to favour manufacturers over primary producers, and cost-effectiveness rather than maximum production became the guiding principle of agricultural policy in the 1950's.

The Conservative Party's attempts to cut back on the level of agricultural support caused a souring in the Government's relationship with the industry and as Chapter IV showed the cuts in the subsidies paid for milk, eggs and pigs hit the smaller producer particularly heavily. Despite these cuts Government expenditure remained at a level somewhere between £240 and £280 million throughout the 1950's, despite Treasury complaints that expenditure on this scale was excessive.<sup>112</sup> The farmers, on the other hand, complained that they were not sharing on the general prosperity of the period, although given the prevailing trends in world food prices this was almost inevitable. During Labour's period in office the Treasury had fought, and largely lost, a running battle to restrain Government expenditure on agriculture. With the improvement in world food supplies and in Britain's BOP position in the 1950's, the Treasury began to gain the upper hand, although expenditure was not reduced to the extent the Exchequer advocated. One of the main problems for the Government was that the deficiency payments system introduced after 1953 was as 'open-ended' as the system it had replaced, and the inevitable outcome of Government's efficiency drive and the cuts in subsidies was further increases in production. One answer to this problem was the imposition of standard quantities, limiting subsidy payments to a

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112 See Chapter IV.

given quantum of output. This was the course of action taken with regard to milk but was not more widely introduced until the 1960's.<sup>113</sup>

How then are we to assess what was achieved under the expansion programme? As Table One shows, the progress made towards realising the programmed production targets varied from commodity to commodity, with cereal production making disappointing progress and milk and meat production making much better progress, milk and pigmeat output actually exceeding the August 1947 targets. Improvements in grassland management helped to support increases in cattle and sheep numbers, and the decline in the number of farm horses freed both grazing and grain supplies. Increases in imports of cereals and cereal feeds helped to support the expansion in pig and poultry numbers. Had these increased supplies of imports not been forthcoming it is doubtful that livestock, and in particular pig and poultry production, would have increased to the extent it did, given the poor progress made in expanding domestic coarse grain production, despite a considerable degree of price incentive. This chapter has explored the various reasons for the poor performance of the cereals expansion programme. Up to 1949 most of the increase in agricultural prices was reflected in a rising level of food subsidies, rather than in retail prices, with the result that by 1948/49 the former had reached £500 million.

Thereafter, however, the annual level of subsidies was reduced through higher retail prices. Between 1946/47 and 1951/52 aggregate net income increased from £183

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113 See Chapter VII.

million to £324.5 million.<sup>114</sup> As Edith Whetham shows, much of this increase in income was re-invested back into agriculture, a trend that is reflected in the growth in the numbers of tractors, combines, milking machines and grain dryers on British farms.<sup>115</sup> This trend also helped to offset labour shortages, and after 1950 the resumption of the drift of agricultural workers away from the land, and also represents a reaction to the farmer's growing wages bill.<sup>116</sup> Labour's reliance on the price mechanism as the 'engine' of agricultural expansion was to have serious consequences for the industry in the 1950's, and the Conservative Government's attempts to 'retrench' on agricultural expenditure and output in the face of changing economic and financial circumstances brought them into conflict with the industry. With all the emphasis on the expansion of production, Labour had little opportunity to deal with the industry's fundamental structural problems and the wide divergence in incomes and standards, with the result that these problems re-emerged in the 1950's.<sup>117</sup> Small farmers in particular were hit by the cuts in Government support for milk, pigs and eggs. To a large extent these structural problems remain unsolved to this day.

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114 Figures taken from Annual Review and Fixing of Farm Prices, 1953, Cmd 8798 (1953).

115 Whetham, op. cit., p.317.

116 Aggregate costs incurred by farmers increased from £425 million in 1946/47 to nearly £830 million in 1951/52, mainly through wage increases. See Cmd 8239 (1951) and Cmd 8556 (1952).

117 See Chapter IV.

**Table Two**

<u>Target for 1951/52 as a percentage of:</u>		
	1936-38 Production	1946/47 Production
Wheat	160	135
Barley	279	109
Oats	156	104
Potatoes	129	62
Sugar Beet	131	80
Milk	123	115
Beef	110	118
Mutton/lamb	77	110
Pigmeat	92	287
Eggs	152	195

Agricultural Targets for 1952/2,  
with arable production figures for 1938 and 1947 harvests

Actual Production of Principal Crops (000 tons)		
	<u>1938</u>	<u>1947</u>
Wheat	1,965	1,667
Barley	902	1,619
Oats	1,992	2,509
Potatoes	5,115	7,776
Sugar Beet	2,191	2,960

Source : Annual Abstract  
of Statistics



**Table Three**

Product	Unit	Pre-war	1946/ 47	1951/ 52	1952/ 53	Target	Percentage of Pre-war	
							1951/ 52	1952/ 53
Wheat	'000 acres	1,856	2,062	2,131	2,030	160	115	109
Barley	"	929	2,211	1,908	2,281	279	205	246
Oats	"	2,403	3,567	2,857	2,882	150	119	120
Potatoes	"	723	1,423	1,050	990	129	145	137
Sugar Beet	"	335	436	425	408	13	127	122
Milk	Mill. gals.	1,563	1,665	2,024	2,053	123	129	131
Eggs	'00 tons	385	322	464	474	152	121	123
Beef/ Veal	"	578	537	617	583	110	107	101
Mutton/ Lamb	"	195	141	147	172	77	75	88
Pigmeat	"	435	145	464	574	92	107	132

U.K. Agricultural Production Statistics

Source : Whetham, op. cit.

## (VII)

# 'THE POLITICS OF AGRICULTURE : THE CONSERVATIVE PARTY, LABOUR AND THE PURSUIT OF THE RURAL VOTE'

## INTRODUCTION

The aim of this chapter is to examine the development of post-war Conservative agricultural policy, and the extent to which political rather than economic considerations influenced both Conservative and Labour policy after 1945.<sup>1</sup> Particular attention will be given to Labour's pursuit of the 'rural vote' and to the Conservative reaction to this strategy. Although there was considerable agreement between the major parties on the broad aims of any post-war policy, and on much of the 1947 Act, as Andrew Flynn observes 'beneath the surface unity there was substantial disagreement'.<sup>2</sup> As is shown below the Conservatives contemplated opposing the Second Reading of the Agriculture Bill, despite the fact that the Bill had the support of James Turner and his colleagues, and so 'the putative post-war agreement on agriculture almost foundered at the first hurdle'.<sup>3</sup> The NFU in fact shared the Conservative Party's concern over certain aspects of the Bill, particularly those relating

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1 For Liberal agricultural policy, see Craig, op. cit., p.134-136.

2 Andrew Flynn, 'Agricultural Policy and Party Politics in Post-War Britain', in Cox, Lowe and Winter (eds.) Agriculture : People and Policies (1983), p.221.

3 ibid., p.222.

to the size of the guaranteed market, but stopped short of raising the issue with the Government.

The problem for the Conservative Party was that Labour would have made considerable political capital out of any serious opposition to the Bill, but wholehearted support would have allowed Labour to gain too much of the initiative in a crucial area of post-war policy. Had Labour decided to pursue a more radical policy after 1945 this problem would have been far less acute. The 1940's saw the Conservative Party attempting to keep the issue of agricultural policy within the political arena while at the same time keeping within the broad post-war consensus on agricultural policy. Conservative criticism rested on doubts about the size of the guaranteed market for home produce under the 1947 Act and the extent of the controls on farmers proposed in the Bill. However, as J.D. Hoffman argue, the Party was unable to point to any fundamental differences between Labour's agricultural policy and that outlined in the Agricultural Charter.<sup>4</sup> As Chapter II showed, by 1945 a broad consensus existed on the need to avoid a repetition of the inter-war period. The Conservatives, as subscribers to this consensus, were forced to work within it once in opposition. How they attempted to do this will be discussed below.

Speaking at the 1945 Party Conference Tom Williams told delegates that Labour's policies would 'win the countryside' for the Party,<sup>5</sup> and after 1951 Labour placed great importance on the 'farming vote', delegates and politicians arguing that Labour could

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4 J.D. Hoffman, The Conservative Party in Opposition, 1945-1951 (1964), p. 174.

5 The Labour Party, Report of the 44th Annual Conference (1945), p.141.

secure the political support of the farming community and that 24 or more rural seats were within the Party's grasp. Labour did secure a considerable number of seats in the Counties at the 1945 election, an area outside its normal strongholds of support, but these constituencies could not in the main be regarded as having been predominantly agricultural areas. Certainly Tom Williams enjoyed considerable personal popularity amongst farmers, and relations between Labour and the NFU were on the whole good, but Labour failed to make any real headway in rural England, despite the Party's attempts to mould its policy to the farmers' wishes after 1951. Despite the importance placed on it at the time, the political importance of the agricultural community was, in fact, slight.

With the deterioration in Government/NFU relations after 1951 and the Union's desire to see a return to the sort of detailed production planning that had characterized Labour's period in office, the Labour Party increasingly began to believe that they could win over the traditionally conservative, and Conservative, farmers, and through them rural England as a whole. While in power Labour had devoted most of its attention to the farmers, and the farmworker had seen 'little sustained furthering of his interests either in relation to wages or the tied cottage'.<sup>6</sup> In part this was due simply to the nature of the APR machinery, but also to the need to retain the goodwill of the farmers and their active support for the expansion programme. This need to work in partnership with the farmers led Labour to compromise on a number of important

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<sup>6</sup> Flynn, *op. cit.*, p.223. In 1946 the NUAW told Labour that they were 'deeply concerned with the failure of the Labour Party and the Minister of Agriculture to implement the Labour Party's policy of lifting up the standards of employment of the workers on the land to those of the skilled workers in other industries'. Letter from the General Secretary of the NUAW, NEC Policy Committee 21st March 1946, EC 10 27th March 1946.

issues, most obviously nationalization, and to make price awards that were regarded by the Treasury, amongst others, as being excessive. This concentration on the farmers cannot have helped increase Labour's support amongst the farmworkers, particularly when Labour policy often clashed with the demands of the NUAW on issues such as the tied cottage and worker representation on the CAEC's.<sup>7</sup>

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<sup>7</sup> Labour's relationship with the agricultural workers will be discussed in Chapter VIII.

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In A Background for Agriculture, published in June 1945, the Conservative Party gave a comprehensive account of its post-war policy for the industry,<sup>8</sup> outlining the arguments for treating agriculture, in Churchill's words, 'as the first of Britain's industries'.<sup>9</sup> After the war, the report argued, both cereals and livestock products would be in short supply, although it was hoped that in the case of grain the balance would 'adjust itself fairly rapidly'. It would, however, be a long time before meat supplies returned to even their pre-war level, and before the nutritional standards recommended in the 'Hot Springs' report were reached. In addition the report emphasized that the UK would emerge from the war a debtor, and that the country's limited reserves of foreign exchange would have to be used to purchase industrial raw materials and those foodstuffs it was impossible to produce at home. A Background for Agriculture also emphasized that as late as 1939 agriculture remained the largest single interest in the UK, employing more labour than the cotton, ship building, and motor industries combined. A healthy and prosperous agriculture would, it was argued, act as a 'corrective to the dangers of excessive industrialism'.<sup>10</sup>

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8 The Party's first thoughts on post-war policy were contained in Looking Ahead : Agricultural Reconstruction, produced by the Conservative Committee on Post-War Reconstruction and published in April 1943. The report itself had been prepared by the Agricultural Sub-Committee under the Chairmanship of Major R.G. Proby, then Chairman of the Huntingdonshire CWAEC.

9 Quoted in The Conservative Party, A Background for Agriculture (1945) p.3.

10 This quotation is taken from Looking Ahead, p.53. A Background to Agriculture was essentially an expanded version of this earlier policy document, reiterating many of the arguments used and adding to the list of reasons for maintaining a healthy agriculture.

A prosperous agriculture could also play an important social and political role in the post-war world. The greatest danger facing modern civilization was an 'excess of centralization', and the hallmark of every rural community was that it was local and individual.

'As such it is a sure barrier against the unlimited extension of state action which in other lands has led through ever increasing control to police rule and the horrors of the concentration camp'.<sup>11</sup>

As the wartime controls were gradually phased out they would be replaced by a more flexible system which, while it might appear 'piecemeal and irregular', corresponded 'faithfully to the varying conditions of a varied industry'.<sup>12</sup> For example, the report envisaged a system of levy subsidies for wheat, butter, and cheese, tariff protection for horticultural products, and the quantitative regulation of meat imports, together with some form of Treasury assistance for home producers.<sup>13</sup> The Conservative Party would also revive the pre-war style marketing boards.

The report emphasised that producers had to give efficient service to the nation in return for the promise of stability. The composition of the CAEC's had been in keeping with the wartime need for 'stark efficiency', but in peacetime it would not square with the 'freedom loving British temperament', and the producers would demand a greater say in determining who would control them. The CAEC's would

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11 The Conservative Party, A Background for Agriculture (1945), p.4.

12 ibid., p.6-7.

13 ibid., p.9.

therefore be reconstituted on a more representative basis and would be charged with three sets of duties. The new CAEC's would be responsible for the destruction of pests, the drawing up and implementation of land drainage schemes, and the provision of mechanical assistance to farmers on a contract basis. Secondly, they would work along side the NAAS to persuade farmers to adopt new methods and to employ new machinery. Finally, the new Committees would be empowered to investigate farmers charged with neglecting their land and to bring them to book, if necessary by the use of compulsory powers.

The report stressed, however, that producers would have the right to appeal to an independent tribunal.<sup>14</sup> On the subject of land nationalization the report argued that such a policy would leave the industry constrained by bureaucracy and 'red tape', and would in addition be both expensive and a source of hardship for a large number of individuals. The Party's 1945 election manifesto drew heavily on A Background for Agriculture, stressing the need to ensure that there was no return to 'the evils of recurring scarcity and gluts'.<sup>15</sup> Output would be maintained at a higher level than pre-war and while producers would be expected to maintain minimum standards, the best results would be obtained by allowing producers the greatest possible measure of freedom within this. The manifesto also envisaged that the functions of the CAEC's would eventually be limited to offering farmers leadership, help, and advice. Under the Conservatives British agriculture would be:

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14 ibid., p.9-10.

15 From Mr Churchill's Declaration of Policy to the Electors (1945), in Craig, British General Election Manifestoes 1900-74 (1975), p.116.



'Maintained in a condition to enable the efficient producer to obtain a reasonable return on the enterprise and capital invested, and to enable wages to be paid to the agricultural worker sufficient to secure him a proper standard of living'.<sup>16</sup>

In the aftermath of the Conservatives' crushing defeat in the 1945 election pressure began to mount within the Party for a restatement of Conservative principles and policies.<sup>17</sup> Churchill, however, was opposed to any restatement of Party policy, arguing:

'When an opposition spells out its policy in detail the Government becomes the opposition and attacks the opposition which becomes the Government. So, having failed to win the sweets of office, it fails equally to enjoy the benefits of being out of office'.<sup>18</sup>

Despite Churchill's reluctance the pressure on the Central Office to produce a 'clearly defined policy acceptable and understandable to the man in the street'<sup>19</sup> increased, culminating in a motion moved by Robson Brown at the 1946 Party conference. The

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16 ibid., p.116.

17 R.A. Butler and Macmillan both argued for some degree of policy reformulation, and in The Conservative Future L.S. Amery argued that while Disraeli's principles contained 'by implication' all the elements of Conservative policy, there was a need for a 'clear and comprehensive restatement in the light of present day conditions'. Macmillan initially called for a reform of the 'broad principles' of Conservative policy, but eventually became committed to the detailed re-examination of Party policy. Hoffman, op. cit., p.138-139.

18 Churchill to R.A. Butler, quoted in J. Ramsden, The Making of Conservative Party Policy (1980), p.108.

19 From a resolution passed at the 1946 Scottish Unionist Party Conference, quoted in Hoffman, op. cit., p.139.

motion called on the Party to counter 'Socialist propaganda' by issuing both a concise policy statement and a document giving a more detailed account of both Conservative principles and the Party's programme, and was passed by a large majority.<sup>20</sup> The publication of the Industrial Charter in 1947 led to calls for further policy statements, and in June 1948 the Party published its Agricultural Charter. The Charter was subsequently formally adopted as Party policy at the October 1948 Conference.<sup>21</sup>

The Agricultural Charter was drawn up by a Committee comprising of R.A. Butler and three members of the Party's Agricultural Committee, Anthony Hurd, Sir Thomas Dugdale, and Captain Harry Crookshank. The Committee consulted both a wide range of expert opinion and their colleagues within the Party, including R.S. Hudson and Walter Elliot. The NFU and the CLA were also invited to give evidence before the Committee.<sup>22</sup> The Charter was not intended to be a final policy programme but stressed the need for a high level of domestic food production, pledging that the Conservative Party would secure British farmers a permanent place in the national economy.<sup>23</sup> The overall aim was to expand production to achieve a level of output 50% higher than that achieved in 1938/39. The industry's achievements during the war were seen as being largely due to the patriotic spirit of the farming community,

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20 The Conservative Party, 67th Annual Conference (1946), p.63.

21 The Conservative Party, 69th Annual Conference (1948), p.53.

22 ibid., p.52. F.L. Engledow, Professor of Agriculture at Cambridge, was also consulted and some of his papers can be found in CRD 2/13/2G, 'Miscellaneous papers on agriculture prior to publication of the Agricultural Charter'.

23 The Conservative Party, Agricultural Charter, p.4. However, in What Do You Think of the Agricultural Charter? Dugdale wrote that the Charter laid down 'the lines of policy which the Party will follow when it gains power.'

but in the post-war world 'this spirit of enthusiasm and high endeavour is in peril'.<sup>24</sup> Producers, it was argued, had been discouraged by shortages, high taxes, and the bad weather, but mainly by a lack of confidence about the future. These fears had not been laid to rest by the 1947 Act and the Agricultural Charter repeated the criticisms the Party had made during the Bill's passage through Parliament, the main one being that Labour's legislation had failed to 'secure agriculture's future position in our economy'.<sup>25</sup>

Under the Conservatives the home producer would be given 'first place' in the home market, with the Empire producer in second place and the 'foreign' producer in third place. Within the overall production target a Conservative Government would want on 'adaptable agriculture', and price adjustments at the APR would be used to secure changes in the character of agricultural production. The Charter contained no definite long-term production targets for individual commodities, arguing instead that expansion would be based on a 'greatly expanded' livestock population with 'full use' being made of the land.<sup>26</sup> The Party accepted the system of guaranteed prices and assured markets established by the 1947 Act, but pledged that it would improve on Labour's policy by guaranteeing a market for all the British farmer could produce up to the overall target.<sup>27</sup> The Agricultural Charter also stressed Conservative opposition to land nationalization, arguing that the ending of an individual's right to

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24 Agricultural Charter, p.4.

25 ibid., p.4.

26 ibid., p.40.

27 'In our view Socialist policy will at best stabilize output rather below the level reached in the war. We do not consider that the recent Acts of Parliament by themselves secure agriculture's future position in our economy'. ibid., p.4.

own land would ultimately lead to the destruction of democracy itself.<sup>28</sup> The Party also expressed its opposition to the Lucas Committee report and to the permanent retention of the trading functions of the Ministry of Food. The Charter did, however, recognise that the Government had to assume a responsibility for the maintenance of adequate standards of nutrition:

'MAF, as responsible for the level of production, must take its rightful place in a balanced partnership with the departments concerned, with the consumer, the distributor, and overseas trade'.<sup>29</sup>

It was also acknowledged that the State had a duty to promote and encourage efficient production but the Party were not happy with the operation of the existing CAEC system and were 'fundamentally opposed' to the use of detailed cropping directions. The Agricultural Charter advocated a reduction in CAEC staff numbers and the replacement of the CAEC's machinery service by commercial enterprises run on either a co-operative or commercial basis. In general the CAEC's were to regard themselves, and to be regarded, as tribunals rather than as prosecuting bodies.<sup>30</sup> The Charter also contained an 'Agricultural Workers Charter', which promised improvements in wages and conditions and more and better housing in rural areas, although the Charter emphasized that there was no question of the Conservatives abolishing the 'tied' cottage.

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28 ibid., p.4.

29 ibid., p.42.

30 ibid., p.46.

The Times regarded the Charter as 'a practical policy for farmers', while the Daily Express opined that the bulk of the document was simply 'watered-down Socialism'.<sup>31</sup> The Manchester Guardian gave the most comprehensively damning assessment of the proposals, arguing that the Charter contained little original thought and no economic arguments for expansion, while observing that the proposals regarding guaranteed prices and markets were no more definite than Labour's. It was also felt that the proposals for ensuring the efficiency of the industry were not sufficiently stringent and that, in general, the Agricultural Charter was 'specific in rewriting the Agriculture Act almost wholly in favour of producers'.<sup>32</sup> In general the industry gave the Charter a restrained welcome, focusing on the similarities between Labour and Conservative policy.<sup>33</sup>

The Agricultural Charter formed the basis of the Agriculture section of the Party's 1949 policy document The Right Road For Britain, the first full-length policy statement to be produced by the Party in the post-war period. The Party's 1950 election manifesto, This Is The Road, reiterated the Party's support for the principle of guaranteed prices and for an expanded agriculture, and its opposition to state farming and the public ownership of the land. The manifesto argued that nationalization would increase the cost of food, and that the Conservative aim was to ensure that the housewife obtained her food through the cheapest and most efficient

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31 The Times, 26th June 1948 and the Daily Express 26th June 1948.

32 The Manchester Guardian, 26th June 1948.

33 See Hoffman, op. cit., p.174.

channels.<sup>34</sup> The 1950 manifesto also argued that the time had come to end Government trading in food and to return the business of food purchase to the private sector. Labour had themselves begun to dismantle a number of wartime controls, and the public mood clearly favoured a continuation of this process.<sup>35</sup> The Conservative manifesto pointed to the increasing production of food abroad, arguing that the experience of other countries had shown that returning food purchasing to private hands had led to a reduction in the cost of food. The Conservative Party was pledged to reducing the cost of food subsidies, although those most affected by any increase in food prices would be compensated by tax cuts or increases in benefit payments.<sup>36</sup>

In a memorandum prepared for the Party's Parliamentary Agricultural Committee by the Conservative Research Department Phillip Bremridge considered the various ways in which the Charter's pledges could be turned into practical policy.<sup>37</sup> The Agricultural Charter had argued that the system of price guarantees should be developed in such a way as to improve the efficiency of agricultural production, and Bremridge suggested that one way of doing this would be to revive the central principle of the Wheat Act, deficiency payments.<sup>38</sup> Another advantage of this form of price guarantee was that it was designed to operate in a freer market than the existing

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34 Craig, op. cit., p.146.

35 ibid., p.145-146 and p.141. In their 1945 manifesto the Conservatives had stated that the Party stood for the removal of wartime controls as soon as the need for them disappeared. ibid., p.120.

36 ibid., p.146.

37 PAC(49)12, 8th April 1949, 'Implementing the Agricultural Charter : A Note by the Research Department', in CRD 2/13/4. Bremridge was both a member of the Research Department and the Secretary of the Parliamentary Agricultural Committee.

38 See the Introduction.

system of guarantees. If a farmer marketed good quality grain at the right time he could, with the market price he received and a deficiency payment, get a price for his wheat greater than the standard price and this, Bremridge argued, would act as an incentive to efficient production. The new payments could be funded by an Exchequer grant and standard prices, together with any limits on the quantities standard prices would apply to, could be fixed at the APR. This system, Bremridge opined, had worked well in the inter-war period and had 'the great merit of being simple to operate without a large amount of administration'.<sup>39</sup>

Although in 1951 Phillip Bremridge could claim with reference to the 1947 Act that 'except for the addition of a slightly Socialist flavour the Act contained little with which Conservatives could quarrel',<sup>40</sup> the Opposition were in fact quick to cast doubt on the stability of the foundations laid down by the provisions of the Bill. As Chapter III demonstrated Conservative MP's found a considerable number of points to object to. While they did not propose to divide the House on the Second Reading of the Bill, Captain Crookshank told MP's that if the Conservatives failed to secure appropriate amendments during the Committee stage the Party would have to consider its position at the Third Reading.<sup>41</sup> In a memorandum to the Parliamentary Agricultural Committee circulated in January 1947 Phillip Bremridge identified two areas of potential criticism. Firstly, while the Bill drew heavily on wartime measures

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39 The deficiency payment for wheat had only been payable on a specified quantum of total production, measured in tonnage terms. See Appendix Three.

40 P. Bremridge, *Agriculture and Politics* (1951), p.44.

41 H. of C. Deb. (5th Series), Vol. 432, Col. 644-46, 27th January 1947.

and policy discussions it went much further in the extent to which the industry was to be placed under Government control.

'Nor is it clear from the terms of the Bill that the industry is to be put in its rightful place in the life of the nation, or in a position from which maximum production can be quickly attained if an emergency arises'.<sup>42</sup>

Secondly, the Bill made no reference to how the agricultural labour force was to be increased, to the question of rural amenities, or to the need to increase the provision of farm machinery. Bremridge suggested that the Second Reading debate might provide a good opportunity for the Party to question Labour on its general attitude to the industry, to press them 'to state plainly where they stand'. Conservative M.P.'s could also raise the issue of nationalization, and the long-term future of the industry once post-war scarcities had been banished. While the NFU hierarchy seemed happy with the Bill's contents it was, Bremridge argued, the Party's duty to:

'Scrutinize the Bill meticulously and to bring to the Minister's and the public's notice any shortcomings which may appear in its provisions'.<sup>43</sup>

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42 PAC(P) 47 (1), January 17th 1947, Memorandum on the Agriculture Bill : Second Reading, Phillip Bremridge, in CRD 2/13/3.

43 ibid.



Although much of the memorandum's criticism was centred on Part One of the Bill Bremridge also outlined what he regarded as the shortcomings of other aspects of Labour policy. The standards of good husbandry and estate management outlined in the Bill were described in very general terms, thus throwing the burden of interpretation, and considerable responsibility, onto the CAEC's and the Land Tribunals. Bremridge, however, admitted that it would be difficult to make the definition any more precise. The memorandum was, however, more critical of the landlords' limited rights under the Bill to appeal against directions as to the provision, improvement and maintenance of fixed equipment,<sup>44</sup> and of the provisions relating to the compulsory purchase of land from a landlord on the grounds of poor estate management. In such cases the land would be purchased by MAF at its 1939 price.

Bremridge's view was that unless Labour were prepared to admit that they were beginning a policy of land nationalization they would not object to amending the Bill so as to allow the sale or rental of the land to another, Ministerially-approved, person.<sup>45</sup> The section of the Bill relating to agricultural holdings had been welcomed by the NFU but heavily criticised by the CLA. Bremridge argued that the proposed increase in security of tenure was not entirely in the industry's interests, as it would make it 'almost impossible' for a landlord to get rid of a tenant. It would also be difficult for young men to find holdings for themselves except through the

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44 Under the provisions of the Bill a landlord had no right to appeal except in cases where the cost of the work and the expenditure on fixed equipment in the previous two years exceeded the Income Tax schedule 'A' value of the holding.

45 At an earlier meeting the Policy Sub-Committee had decided to oppose the setting up of an Agricultural Land Commission to own or manage land on behalf of the state.

Government's smallholding scheme, which would not by itself satisfy the demand.<sup>46</sup>

The NFU's views were also communicated to the Parliamentary Committee, in a memorandum prepared by the Union's Parliamentary Committee.<sup>47</sup> While noting the widespread concern within the industry as to the possibility of limits being placed on the size of the market for home-produced food, and that this issue was a 'serious problem', the NFU had decided that it was an issue which 'could not be dealt with by the insertion of particular words in the Bill and ..... too rigid a provision might well affect the future of British agriculture adversely'. The Union's view was that the way in which Part One of the Bill was interpreted would depend on the 'sincerity of purpose' of the Government, the efficiency of the industry, and the strength of the NFU itself. Farmers, they continued, would not accept efficiency measures without assured markets, guaranteed prices and adequate returns for their labour. With this in mind the NFU had decided to ask the Government for another declaration of policy. The memorandum also argued that where a dispute arose between the Government and the Union over an APR settlement the matter should be referred to an independent tribunal, and suggested that the Bill be amended accordingly.<sup>48</sup>

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46 Bremridge felt that there was not too much wrong with the provisions of the 1923 Act.

47 PAC (P) 47 (2), January 21st 1947, Report of the Parliamentary Committee, of the National Farmers' Union, in CRD 2/13/3.

48 The NFU also wanted compensation payments for the State's acquisition of land to be related to its prevailing market value, and not its 1939 value, and provision for this to be included in either the Agriculture Bill or the Town and Country Planning Bill.

Throughout the Second Reading and Committee stages of the Bill, Tom Williams was pressed to give the House some indication of the proposed size of the industry and a Conservative amendment to Clause One, pledging the Government to making agriculture 'fully productive', was moved but subsequently defeated during the Committee stage. In a note prepared for the Conservative Parliamentary Agricultural Committee it was suggested that while the Bill had secured the public support of the NFU hierarchy, this enthusiasm was not shared by many rank-and-file members, and that:

'On these grounds it should not be difficult to establish a sound argument for opposing the Bill, should the Party decide to do so'.<sup>49</sup>

However, the shadow cabinet ultimately decided not to oppose the Bill's Third Reading; as Andrew Flynn argues, Labour would have made considerable political capital out of Conservative opposition to a Bill which had the public support of the industry.<sup>50</sup>

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49 PAC (P) 47/24, May 1st 1947, 'Agriculture Bill : Report Stage', secretariat Note, in CRD 2/13/3.

50 Flynn, op. cit., p.221.

(ii)

By the early 1950's many Conservatives were beginning to argue that the Party was losing both the confidence and support of the agricultural community. At the 1953 Party Conference Commander Maitland emphasized the political damage that losing the farmer's support could inflict on the Party. The Government, he argued, had not put its pledges and promises across clearly enough, with the result that farmers were becoming increasingly anxious over their future. In Maitland's words 'you cannot possibly have any scheme for greater production unless you have confidence'.<sup>51</sup> Agriculture's prosperity not only affected people in the industry itself but also the 'prosperity and the happiness and the tranquillity of vast numbers of people all over England, in the villages and the market towns'. These people, he believed, were the 'heart' of the Conservative Party. If the Government took an appropriate line on agricultural policy it would serve to both increase production and encourage the farming community, who were '90% Conservative at heart', to give the Party their active support and so return the Government with a renewed majority at the next election.<sup>52</sup>

At the 1952 APR the Conservatives had announced a new target for the expansion programme, a 60% increase in total net output over pre-war, with greater emphasis on meat and animal feeds.<sup>53</sup> In a memorandum to the CAEC's, Dugdale informed Committee Chairmen that 'as long ahead as we can see' the country would, in general,

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51     The Conservative Party, 73rd Annual Conference (1953), p.82.

52     ibid., p.82.

53     Annual Review and Fixing of Farm Prices, Cmd 8556 (1952), p.4.

need all the food that could be produced at home.<sup>54</sup> The Government also launched an agricultural efficiency drive, arguing that 'the vigour with which Part II of the Agriculture Act 1947 has been used during the last four years has not mitigated the need for increasing the general standards of husbandry'.<sup>55</sup> In a statement to the Commons in April 1952 Dugdale had emphasised that the extent to which the industry could respond to calls for increased production would depend on increases in efficiency. While the industry would have its share of the nation's resources, the Government looked 'with confidence' to a redoubling of the industry's efforts to increase the efficiency of production.<sup>56</sup>

The 1952 APR also saw the Conservatives withdrawing from the detailed production planning that had characterized price reviews and production policy under Labour, a move that was resisted by the NFU.<sup>57</sup> The production targets given at the 1952 APR were, for the most part, vague and general, with the Government explicitly stating that it had no intention of setting detailed production targets.<sup>58</sup> The Party's 1945 manifesto had argued that increases in output could best be secured by allowing producers the greatest possible freedom of cropping, and the Agricultural Charter had emphasised the Party's fundamental opposition to the use of detailed cropping

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54 PRO MAF 120/48, undated (June 1952?), CAEC 52/40, 'District Committees and the Production Drive'.

55 PRO MAF 120/48, May 1st 1952, CAEC 52/27, 'Farming Efficiency'.

56 H. of C. Deb. (5th Series), Vol. 499, Col. 736, April 24th 1952. In CAEC 52/27 Dugdale had told the CAEC's and the District Committees that he expected them to 'participate to the full' in the realization of the Government's production targets.

57 See Self and Storing, The State and the Farmer (1962), p.68-69.

58 Cmd 8556 (1952), p.4. For example, the tillage acreage was to be increased by 1 million acres, of which a 'substantial' area was to be coarse grain. Farmers were to grow 'as much wheat as possible', and expand 'to the utmost' meat production.

directions.<sup>59</sup> This change in policy was also encouraged by signs of improvement in the world food supply; R.A. Butler told delegates at the 1953 Party Conference that the country was passing 'from an age of control and scarcity to an age of greater freedom and abundance'.<sup>60</sup>

The Government continued to stress the importance of the 60% target and the other objectives outlined in the 1952 White Paper; at the NFU's annual dinner Churchill emphasized that:

'It is just as important for our future now to wring the last ounce of food from our acres year by year as it was in the dark days of the war'.<sup>61</sup>

However, Churchill's words did little to reduce the anxieties of farmers as to the future of their industry, fears that had been expressed at the Union's AGM in 1952,<sup>62</sup> and which made themselves felt, albeit indirectly, at the 1953 Party Conference. A motion calling on the Conference to pledge its support for the Government's efforts to strengthen production was passed, but with an addendum calling the Party's attention to the 'anxieties regarding the future stability and prosperity of agriculture now being

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59 See section (i).

60 The Conservative Party, Report of the 73rd Annual Conference (1953), p.48. 'Our policy', he continued, 'must be to give rewards to success and support for those who need support'.

61 Quoted in The British Farmer, February 1953.

62 Resolutions at the AGM complained about the 'drift' in Government policy and the 'undermining of confidence' this had caused within the industry. Self and Storing, op. cit., p.68.

felt in the industry', and urging the Government to promote greater confidence by clarifying its policy.<sup>63</sup>

Both Dugdale and R.A. Butler, one of the architects of the Agricultural Charter, attempted to allay both farmers' and M.P.'s, fears as to the future course of Government policy. Butler stressed that the Party was committed to a high level of agricultural production at home and to the continuation, in some form, of guaranteed prices.<sup>64</sup> In the debate on the original motion Commander Maitland, moving the addendum, argued that this was the first year that the provisions of the 1947 would really matter to producers, given the general downturn in world commodity prices. Farmers' anxieties, he maintained, stemmed from the fact that the Government had not explained its policies clearly enough.<sup>65</sup> Dugdale was keen to emphasize that Government policy would come to be more clearly understood in the following months, as specific arrangements were made, and reaffirmed the commitment to the 60% target. Agricultural policy had to be brought into line with national economic policy, and this entailed the curtailment of the state purchase of food at fixed prices. This, Dugdale suggested, was the source of farmers' anxieties, but it was the policy behind the system that was important and not the system itself. The Government was, he maintained, committed to a fully productive agriculture, to a fair living for

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63 The Conservative Party, Report of the 73rd Annual Conference (1953), p.23 and 80-88.

64 ibid., p.48. The change from a period of scarcity to one of abundance presented the Government with a problem, he continued, and the Government intended to work out a detailed plan to ensure a fair reward for farmers, and one which would give them 'a proper interest' in the marketing of their produce.

65 ibid., p.82. Seconding the amendment J.B. Godber MP stressed that the Government 'must take decisions on the major commodities at the earliest possible moment. This is what we are waiting for at this moment, and we have waited too long.' ibid., p.88.

producers, and to maintaining the value of the industry's guarantees under the 1947 Act.<sup>66</sup>

By 1954 a new system of guarantees had been introduced based on the principle of deficiency payments, administered in the case of milk, potatoes, and bacon pigs through producer marketing boards, and in the case of fatstock through an NFU-backed Fatstock Marketing Corporation.<sup>67</sup> The prices fixed for potatoes and eggs were 'floor prices', intended to operate only when the market was depressed. A fixed price for milk was retained but after 1954 was restricted to a specific quantity of output, as Self and Storing point out the use of the very power to limit the size of the home market the Conservatives had criticized in the Agricultural Charter and elsewhere.<sup>68</sup> Arguments over the price of milk were one of the main causes of the deterioration in Government - NFU relations in the 1950's, a process which culminated in a complete breakdown of negotiations at the 1956 APR, something which was to happen again in 1958 and 1960.

The shift to a deficiency payments system allowed the Conservative Government to combine a policy of cheap food, and a free market, with continuing support for British farmers. Consumer food subsidies gave way to producer subsidies and cost-effectiveness increasingly began to replace expansion as the underlying principle behind Government policy. The Conservatives made substantial cuts in the subsidies given

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66 ibid., p.86. Churchill told the Conference that the Government supported the 1947 Act's principles, and pledged that the guaranteed price system would be maintained, albeit in a 'changed and more flexible form than at present'. ibid., p.113.

67 The whole issue of post-war marketing is discussed in Chapter V.

68 See Self and Storing, op. cit., p.198.



to milk, egg and pig producers as well as reductions in the general level of support; farmers were increasingly expected to meet cost increases through increases in efficiency, rather than through increases in prices. This process of retrenchment provoked bitter clashes between the Government and the NFU, a situation which Labour believed offered the Party the key to winning the agricultural vote. At the 1954 Conservative Party Conference, fears were expressed that Labour was planning to 'ride to victory in a farm cart', and the Party was told that it could no longer take the traditional support of the countryside for granted.<sup>69</sup>

In 1955, an election year, the NFU came close to passing a vote of 'no confidence' in the Government, and were only diverted from this course of action by the personal intervention of the Chancellor, R.A. Butler. The 1955 APR settlement was clearly influenced by political considerations. Costs had increased by £25 million and under Exchequer guidelines there should have been no increase in the level of support, as £25 million represented the estimated annual increase in agricultural efficiency.<sup>70</sup> However, in the final settlement guarantees and subsidies were increased by £40 million. There had been a deterioration in the BOP position and production had been effected by bad weather, but if the latter had been taken into account when deciding the final settlement the Government was still departing from its principles for political reasons.<sup>71</sup> The next election year, 1959, saw the Government make a similarly

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69     The Conservative Party, Report of the 74th Annual Conference (1954), p.41.

70     £25 million was the amount that, 'taking one year with another', the industry might be expected to secure from improvements in its efficiency. See Long-Term Assurances for Agriculture, Cmnd 23 (1956) and Agriculture, Cmnd 1249 (1960).

71     See J.R. Pennock, 'The Political Power of British Agriculture' in Political Studies, Vol. VII (1959), p.292.

generous price award. The Agriculture Act 1957, which placed limits on the extent to which the overall level of Government support could be reduced in any one year, was in part a result of the disagreement surrounding the 1956 APR.<sup>72</sup> This policy did little to restore Government - NFU relations, however, and in both 1958 and 1960 the Union refused to endorse the final price settlement.

As Chapter II revealed many Labour MP's argued that winning the agricultural vote would be a crucial element in Labour's electoral success, and the policies the Party espoused in the 1950's certainly appear to have been tailored to appeal to the NFU. Conservative policy after 1952 involved a withdrawal from the detailed production planning that had formed part of the policies pursued between 1945 and 1951, much to the chagrin of the NFU. Labour, in A Challenge to Britain, argued for more comprehensive planning, with the APR governed by five-year production plans and annual price adjustments only reflecting changes in costs until the introduction of a new five-year plan.<sup>73</sup> This sort of production planning had originally been suggested to Labour by the NFU while the Party had been in power but rejected on the grounds that it would tie the Minister's hands too tightly.<sup>74</sup> Full Harvest, published in 1955, pledged that Labour would reintroduce a system of fixed guaranteed prices.

Labour finally issued a policy statement on the question of agricultural marketing in 1955, a full eight years after the publication of the Lucas Report. The proposals were

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72 The Government and the NFU had, however, been considering ways of reducing the potential for conflict for some time before this, and so the 1955 APR was essentially a spur to the Government to take positive action to avoid further disagreements.

73 The Labour Party, A Challenge to Britain (1953), p.15-16.

74 See Self and Storing, op. cit., p.198 - 199.

essentially a compromise between the earlier report and the NFU's policy for agricultural marketing, despite the support Lucas enjoyed within the NUAW, the distributive trades, and the Co-operative wing of the Party.<sup>75</sup> Producer marketing boards would be reintroduced for milk, potatoes, and wool, but independent commissions would be set up for livestock, cereals, and eggs. However, by 1959 all references to Lucas-style marketing arrangements had been removed, and Labour's policy document stated that 'facilities under the Marketing Acts' would be available for the promotion of producer boards.<sup>76</sup> The treatment afforded the whole issue of land nationalization by Tom Williams et al is another indication of the way in which Labour tailored its policies to win the approval of the farmers, although its efforts were to meet with little practical success.

In the debate on the agriculture section of the Party's policy statement, Labour Believes in Britain, at the 1949 Conference dissent was once again expressed at the absence of any proposals for overall nationalization of the land. In reply Shinwell, speaking on behalf of the NEC, emphasized that while the principle of nationalization had not been abandoned, the Government's existing powers of land control and acquisition were sufficient for the time being. If these powers were to prove insufficient at some future date, then they would be extended in the necessary directions. With regard to the question of nationalization as an immediate policy objective it was the NEC's view that such a policy would 'throw a spanner in the

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75     The Labour Party, Agricultural Marketing : A Statement of Labour Party Policy (1955).

76     The Labour Party, Statement of Policy on Agricultural and Horticultural Marketing (1959), p.1.

works, disturb the farming community and, it may be, impede agricultural production'.<sup>77</sup> The importance of the August 1947 expansion programme, launched in the face of serious world food shortages and Britain's worsening balance of payments problems, and the likely effect that nationalization would have on the farmers were powerful arguments against such a policy.

The issue of land ownership was raised once again at the 1953 Conference during the debate on A Challenge to Britain, which contained no proposals relating to public ownership. An amendment was moved calling on the Party to place a plan for nationalization before the electorate in time for the next general election, but met with resistance from both Tom Williams and the National Union of Agricultural Workers.<sup>78</sup> As late as 1948 the NUAW's biennial conference had unanimously passed a resolution calling on the Government to speed up its nationalization programme, but by 1950 the Union's mood had changed, and a resolution calling for nationalization at an early date was narrowly defeated. The NUAW's Executive Committee argued that while it had not dropped nationalization altogether, it was not 'immediately practicable' or desirable in the prevailing circumstances. The Government, they opined, already had 'effective control of the land'.<sup>79</sup>

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77     The Labour Party, Report of the 48th Annual Conference (1949), p.177.

78     The Labour Party, Report of the 52nd Annual Conference (1953), p.139-147.

79     The Landworker, August 1948 and June/July 1950 respectively.

This was the view that the Union's representatives expressed at the 1953 Labour Party Conference, when they argued that nationalization would inhibit production at a time when what was needed was increased production.<sup>80</sup> This point was taken up by Tom Williams, who stressed the gains that had been made since the passing of the 1947 Act, and the important role that the producers' belief in the long-term stability of their industry had played, and would continue to play, in that achievement. Why, Williams asked, should Labour, at a time when the whole agricultural community was worked up over Conservative policy, 'throw this ball of discord' into rural life for the sake of theory or 'snappy slogans which have no practical application'.<sup>81</sup> By 1958 Williams was expressing doubts as to whether nationalization was actually desirable even as a long-term policy objective, although the overall tone of his speech at the 1953 Party Conference seemed to imply this attitude, as did the speech by his Parliamentary Secretary George Brown.<sup>82</sup> In his 1958 Conference speech Williams emphasized the political damage an 'unconsidered' land nationalization proposal could wreak on the Party chances in the 1959 general election, damage which might consign Labour to 'the political wilderness for a very long time'.

How are we to judge Labour's pursuit of rural votes after 1945? Labour did win a number of county constituencies at the 1945 election, although the seats the Party won in East Anglia were largely gained with the help of the NUAW, and the decline in support for the Liberal Party helped Labour to secure a number of seats in the Scottish

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80     The Labour Party, Report of the 52nd Annual Conference (1953), p.145.

81     ibid., p.143.

82     The Labour Party, Report of the 57th Annual Conference (1958), p.133 and The Labour Party, Report of the 52nd Annual Conference (1953), p.141.

Highlands. However, the eight county seats outside these two areas that fell to Labour in 1945 did not have a high level of agricultural employment and were in fact fairly industrialized.<sup>83</sup> After the 1955 General Election out of the 110 'agricultural constituencies' in Great Britain (ie those where agricultural employment was more than 15% of total male employment), 95 were held by the Conservatives, 11 by Labour and 4 by the Liberals. Post-War boundary changes make it difficult to compare the position in 1955 with the immediate post-war period, although figures for 1946 suggest that the Conservatives held 3/4 of the total number of 'agricultural' seats with Labour having at best 20 seats.<sup>84</sup>

Thus the available figures would suggest that Labour's post-war campaigning had little impact on the Conservatives' hold on rural Britain, despite the agricultural community's growing dissatisfaction with Government policy after 1951. As Self and Storing have suggested the Conservatism of rural Britain was not, and indeed is not, founded solely on the support of farmers and their dependents but on a far wider cross-section of the rural population, on retired people, 'refugees' from city life, clergymen, shopkeepers and the 'professional classes',<sup>85</sup> none of whom would be very likely to be converted to the Socialist cause. If Labour hoped that by winning the farmers' vote they could go on to win over rural Britain en masse (an argument not examined by Self and Storing), they ignored the social and economic divisions within

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83 In order of agricultural importance these constituencies were Derbyshire-West, Maldon, Taunton, Lowestoft, Kidderminster, Thornbury, Faversham and Frome.

84 Self and Storing, op. cit., p.194.

85 ibid., p.202-203.

rural society which cut across Party allegiances and would have prevented these other social groups from necessarily identifying their interests with those of the farmers.

While Labour were able above to win over a small number of farmers to the Socialist cause the majority remained in the Conservative fold, despite their often vocal criticisms of Government policy. The Conservative Party was keen to stress that the values embodied in rural life were the same ones they stood for, an approach which had begun under Disraeli and which was still being used in the post-war period. The Conservatives certainly had stronger and much older links with rural Britain than Labour, the latter attempting to shed its image as a predominantly urban party. The innate conservatism of rural areas ultimately manifested itself in the political arena. Given the long-term nature of the production process in agriculture farmers tend to be wary of any sudden changes and the references to nationalization in the 1945 Labour manifesto, and the debates on the issues at subsequent Party conferences,<sup>86</sup> cannot have helped the Party's standing amongst producers, even though Tom Williams and his colleagues were themselves backing away from the whole question of public ownership. During the 1950's the NFU's main source of complaint was the uncertainty engendered in farmers' minds by Government policy, although these fears were not strong enough to dent the industry's underlying conservatism.

Although Labour enjoyed a good working relationship with NFU Headquarters, the Union's rank-and-file membership were often vocal critics of Labour policy and so it is possible to over-emphasize the Party's popularity amongst the agricultural

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86 See Chapter II.

community as a whole. Despite what was achieved under the 1947 Act many farmers still preferred the Devil they knew to the Devil they did not know, or still did not wholly trust; respect for Tom Williams did not necessarily imply support for the Labour Party as a whole.<sup>87</sup> Labour's campaign to organize and secure the active support of the agricultural workers was hampered by logistical problems and by the decline in the agricultural labour force, which broke up traditional rural communities and the mechanisms through which the Party's message could have reached a wider audience. As the labour force declined those remaining in employment found themselves increasingly isolated and this in turn hampered Labour's and the NUAW's recruitment drives. As was argued in Chapter II, Labour's and the NUAW's failure to gain greater support amongst agricultural workers stemmed, at least in part, from the Union's failure to secure wages parity with industry or the end of the 'tied' cottage, and from the belief that Labour was more concerned with the farmers' rather than with the farmworkers' welfare.<sup>88</sup> These issues will be discussed in more detail in Chapter VIII.

How important was the 'agricultural vote', in the light of the importance invested in it by both the major Parties in the post-war period? In absolute terms the number of farmers was small; in 1951 there were 290,000 farmers and farm foremen in the UK, a figure which constituted less than 1% of the total electorate. If all persons engaged in 'farm employment', including farm workers, are considered then the figure rises to

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87 To argue that farmers 'instinctively' vote Conservative is to ignore the strong Liberal tradition in the West Country and the Scottish Highlands, but such a view does contain more than an element of truth.

88 By 1959 only 30% of the agricultural labour force were members of the NUAW. Self and Storing, *op. cit.*, p.159.



1.1 million, roughly 3% of the total 1951 electorate. One analysis of the political importance of the agricultural vote is given by Roland Pennock, who bases his analysis on the 1955 General Election.<sup>89</sup> Pennock argues that in 1955 there were 55 county constituencies which could be defined as marginal seats, one where the victorious candidate in the previous election had a plurality of less than 8% of the total vote cast.

Pennock's analysis uses data from the 1951 Census to obtain figures for males engaged in agricultural occupations in his marginal constituencies, and expresses this data as a percentage of the total electorate in 1955.<sup>90</sup> The data is given in Table One. Pennock concludes that there were between 12 and 16 constituencies where the agricultural interest was large enough to be politically significant, as opposed to the 24 or more seats suggested at Labour Party conferences. Pennock also concludes that of all those classed as being involved in 'agricultural occupations' less than 30% were farmers or farm workers.<sup>91</sup> So within the marginal agricultural constituencies as defined in Pennock's analysis farmers formed a relatively small proportion of the electorate, given the importance that was placed on securing their votes.

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89 J. Roland Pennock, op. cit., p.293.

90 Pennock's view was that the number of women engaged in agricultural occupations was so small that it could be disregarded in his analysis. op. cit., p.294.

91 In three of the marginal constituencies nationalistic issues were likely to be of considerable importance, and given that in Pembroke, Carmarthen, and Inverness the contest was between a Liberal or an independent and one of the major parties it is unlikely that agricultural issues were as important as the size of the agricultural labour force might suggest.

Data collected by Self and Storing suggests that in 1955 there were only 24 British constituencies where farmers, as defined in the Census, constituted even 5% of the total electorate. If all the wives and adult dependents were added then the 'farmers' vote' would have constituted more than 10% of the total vote in 126 constituencies and more than 20% in 37.<sup>92</sup> This data still suggests that there were very few constituencies where farmers formed a politically important group. Although Self and Storing present no data on how many of these constituencies could be regarded as marginal seats, they conclude that the value placed on the 'agricultural vote' rested more on its strategic importance than on its physical size, as the 'Key' to winning rural Britain.<sup>93</sup> As was argued above, however, even if the farmers had proved to be politically malleable it is unlikely that other rural social groupings would have proved receptive to Labour Party policy. A Labour victory in a dozen rural seats would have had little immediate impact in electoral terms, although it would have had a considerable impact on the Conservative Party and its traditional view of its links with rural England, and on the course agricultural policy took in the 1950's.

As we have seen the NFU were often extremely critical of Conservative policy in the 1950's, but always attempted to limit the scale of any disagreement, or potential disagreement, and to reach some form of compromise with the Government. After the disagreements of the late 1950's the NFU approached the Government in an attempt to repair the damage done to their relationship.<sup>94</sup> Much the same can be said of the NFU's relationship with Labour between 1945 and 1951; in both cases the Union,

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92     Self and Storing op. cit., p.202.

93     ibid., p.202.

94     See Cmnd 1249 (1960), Agriculture.

while voicing its criticisms of Government policy to the Opposition, sought to avoid being seen to stand too firmly with the Opposition and to avoid, wherever possible, serious conflict. The NFU leaders' attitude to the 1947 and 1957 Agriculture Acts are good examples of this strategy in action.<sup>95</sup> As the NFU President, Sir James Turner, argued in 1958 the Union had to 'play with both sides',<sup>96</sup> and a failure to do this would have jeopardized the Union's unique position in the policy-making process.<sup>97</sup>

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95 The NFU was somewhat reticent in its criticism of the 1957 Act, saying only that producers would 'inevitably reserve judgement' until the worth of the guarantees had been tested in practice. The Union was clearly dissatisfied with the Act as it stood, but it was Labour who argued that farmers should have a higher degree of price protection than that suggested in the Act, some Labour MP's arguing that the NFU had supinely connived at this attrition of their industry'. Quoted in Self and Storing, op. cit., p.205.

96 The British Farmer, April 5th 1958.

97 See Chapter II.

**Table One**

<u>Constituency</u>	<u>Plurality as % of total vote cast (1955)</u>	<u>Agricultural Index</u>
Buckingham	2.5	8.4
Cornwall North	4.5	13.7
Malton	1.3	10.1
Grantham	5.0	12.2
Rutland and Stamford	3.7	16.3
Kings Lynn	3.3	15.7
Norfolk North	3.1	16.3
"     South	4.1	19.1
Norfolk South-West	0.6	23.0
Eye	1.9	29.6
Devizes	5.4	11.9
Westbury	5.4	8.8
Carmathen	5.7	14.8
Pembroke	3.0	12.3
Berwick & East-Lothian	6.6	15.2
Inverness	2.8	8.9

Source : Pennock, op. cit.

Marginal Agriculture Constituencies  
at the 1955 General Election

(iii)

In the immediate post-war period the Conservative Party, was struggling to find its own voice on the issue of agricultural policy and to move out from under the shadow cast by the 1947 Act. Given the latter's origins in Hudson's wartime Ministry this was always going to be a difficult task. Labour's 'failure' to introduce a genuinely radical policy for the land, and the NFU's support for the Bill, made this task even more problematic. A radical Socialist policy would have given the Conservatives considerable scope for opposition and criticism and would almost certainly have forced the NFU to break with its post-war policy of political neutrality between the major parties, the latter a product of the Union's role in the wartime policy-making process. It was the importance of maintaining this working relationship that explains the absence of any truly radical measures in Labour's agricultural policy after 1945. Clearly, a majority within the industry would have been opposed to the nationalization of the land, in comparison to, for example, the coal industry; the NUAW were poorly organized and did not possess the political weight within the Party that the NUM enjoyed.<sup>98</sup> Farmers and, to a lesser extent, landowners also enjoyed more popularity than the coalowners. Although the Conservative Party would not have received much support for concerted opposition to the nationalization of the coal industry, agriculture would have provided a very different story.

The Conservative Party failed to say anything very original or individual in the Agricultural Charter; as the Manchester Guardian observed the guarantees offered were

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98 These and related issues will be discussed in Chapter VIII.

no more definite than the ones given by Labour. Agriculture was still expected to be 'adaptable', and the 50% net output target was already enshrined in the expansion programme and regarded by Tom Williams as a permanent feature of British agricultural policy. One area of difference was the subject of the CAEC system, although Tom Williams was himself no great advocate of detailed cropping directions, except in times of national emergency, or of control for control's sake.<sup>99</sup> Conservative criticism of the Lucas Report was offset by the rather cool reception Williams gave to the proposals in the Commons. It is interesting to note that when Heathcoat-Amery abolished the CAEC's in 1957 it was carried out against the wishes of the NFU, who saw it as the beginning of the erosion of the whole fabric of post-war policy. This part of the 1957 Act can be seen as a culmination of the gradual breaking down of a number of corporative ideals embodied in the provisions of Labour's legislation in the face of the Conservative's free-market policies, in a period which saw the basic principle underlying agricultural policy change from maximum production, initially at any price, to maximum cost-effectiveness. However, the 1947 Act remained the touchstone of any policy for the industry and even as late as 1960 the Conservatives found it necessary to reaffirm their commitment to the value of the guarantees under the 1947 Act.<sup>100</sup> The Party was clearly concerned at the possibility of losing rural votes, although the apparent cynicism with which the Government tried to mend its fences with the NFU in election years suggests that the Government believed the farmers could be easily placated. However, the fact that Labour's rural

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99 See Chapter III.

100 Cmd 1249 (1960), p.8.

campaigning was taken at all seriously suggests that there was a genuine fear amongst Conservatives that the Party was losing its way on agricultural issues.

Commenting on an early draft of the Agricultural Charter R. Dorman-Smith, a former NFU President and Minister of Agriculture, emphasized the need to make 'quite unambiguous statements' if farmers were to have any confidence in the Party's policy. He also contrasted Labour's post-war success with the Conservatives' 'not altogether convincing' inter-war record.<sup>101</sup> Labour, in Dorman-Smith's view, had been lucky in not having to have faced a buyers' market; Labour had 'had the breaks - we had the sticky end of the wicket'. Thomas Dugdale, the Conservative Agriculture Minister, certainly saw the Party's problems as stemming from the need to adjust to abundance rather than scarcity, and from controls to freedom.

The expansion of liquid milk production proved to be a problem for both Labour and the Conservatives, and the latter's solution to the problem of excess supply was to impose a quantitative limit on the production that qualified for a deficiency payment. One of the main problems for the Conservatives in their struggle to reduce expenditure was that the system of deficiency payments was 'open-ended', and the inevitable outcome of the Government's efficiency drive and cuts in support was expanding production. B.A. Holderness has suggested that the answer to the Government's problems was the general introduction of standard quantities, and this was in fact the solution adopted in the 1960's.<sup>102</sup> While such a policy would have helped the

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101 Note on the 'Conservative Statement on Agriculture', undated (March 1948?), in CRD 2/13/2H.

102 B.A. Holderness, *British Agriculture since 1945* (1985), p.21.

Government in its attempts to reduce its expenditure on agriculture, any attempt to limit the overall size of the guaranteed market in the unsettled atmosphere of Government/NFU relations in the 1950's would almost certainly have plunged the Government into an even deeper conflict with the farmers. The battles fought over milk gave an indication of the likely results of such a course of action. Having identified this as one of the potential dangers of Labour's policies, the Opposition would have been able to make considerable political capital out of Conservative attempts to limit the size of the guaranteed market once they had taken office.

Despite Labour's attempts to woo the farmers, and the disagreements which characterized Government/Union relations in the 1950's, rural Britain remained predominantly Conservative. As this chapter has attempted to show, however, there were very few constituencies where the agricultural community formed a significant proportion of the rural electorate. Both the major parties gave the 'farming vote' a greatly exaggerated importance, in Labour's case to the detriment of its relationship with the farmworkers, and it is an examination of this last relationship which forms the basis of Chapter VIII.



## (VIII)

### A GREAT BETRAYAL?

#### LABOUR AND THE AGRICULTURAL WORKERS, 1945-51

##### INTRODUCTION

Previous chapters have discussed the NFU's role in the policy-making process but comparatively little has been said about the relationship between Labour and the agricultural workers in this period. The object of this chapter is to examine this relationship, and to discuss the ways in which the National Union of Agricultural Workers (the NUAW) attempted to influence Government policy on a range of key issues and the extent to which these efforts were successful. While the NFU enjoyed an uneasy semi-neutrality in the inter-war years, endorsing Conservative candidates on the grounds that it was the only way the Union could gain a voice in Parliament, the NUAW had always been 'within the curtilage of Party Politics'.<sup>1</sup> In 1911 the agricultural workers' union elected its first Socialist President, Walter Smith, and affiliated to the TUC in the same year. The union had been founded with the assistance of a number of Liberal MP's and 'at least some of those present were as concerned about the political possibilities of such a union as they were about the effect it could have on farmworkers' conditions'.<sup>2</sup>

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1 Self and Storing, The State and the Farmer (1962), p.174.

2 The Landworker, May 1956. (my italics).

The farm workers soon turned away from the Liberals to the Labour Party; the NUAW President from 1929 to 1964, E.G. Gooch, eventually became a Labour MP and the NUAW journal, The Landworker, urged its members to vote Labour in national and local elections. For its part Labour worked hard to encourage the growth of both Union and Party membership in rural areas, as was discussed in Chapter II. In the inter-war years, agricultural workers were amongst the lowest paid workers in the country, a plight that was highlighted by both the NUAW and the Labour Party's fervent campaigning in the inter-war years. Throughout the inter-war period Labour supported the agricultural workers in their struggle for better wages, parity with other skilled workers, and for an end to the 'tied' cottage system. Both Labour and the NUAW advocated the nationalisation of the land and greater state control of the industry. Thus the agricultural workers seemed to have everything to gain from a Labour victory in 1945, a view that was clearly held by the NUAW itself as it urged its members to work and vote for Labour.

The war years saw the NFU move away from its essentially defensive stance, and what Sir Ivor Jennings called its 'discriminating support'<sup>3</sup> for the Conservative Party, towards a more positive but more politically impartial stance. The County Landowners' Association (the CLA) had even stronger links with the Conservative Party, but like the NFU the Association sought to cultivate its links with Whitehall and the Agriculture Minister of the day, rather than try to argue its case in the Commons or the Lords. If the NFU and the CLA attempted to 'play with both sides' after 1945, then the NUAW clearly expected Labour to play on their side when

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3 Sir Ivor Jennings, Parliament (1939), p.178.

formulating agricultural policy. This expectation is reflected in E.G. Gooch's comment on Tom Williams' refusal to intervene in the decisions of the Agricultural Wages Board; farmworkers, Gooch emphasized, expected Labour ministers to behave differently from Conservative ministers.

As has been discussed in earlier chapters Labour's post-war agricultural policy was shaped by pressing economic and financial considerations, and within this by the need to retain the support and confidence of the farmers. On issues such as the 'tied' cottage, the CAEC's, and land nationalization the policies of the NUAW and the NFU were fundamentally opposed. Thus the gains made by the agricultural workers after 1945 were somewhat limited when compared with what they had hoped to achieve. Wages increased considerably but the goal of parity with other skilled workers remained elusive, and the NUAW were also denied equal representation with the NFU on the CAEC's. Agricultural workers gained a little more security as tenants but the 'tied' cottage system remained intact, Labour's policy being to improve the system rather to destroy it altogether. To quote from one work on the period, 'Developed and nurtured by Labour, the Union found that it carried disappointingly little weight when Labour came to power in 1945'.<sup>4</sup>

The Chapter is divided into four sections. The first gives a brief account of the Union's experiences up to 1945, while the second deals with the issue of agricultural wages. Section (iii) addresses the issues of worker representation on the CAEC's and

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4      self and Storing, op. cit., p.174.

the tied cottage, while the final section will assess the differing fortunes of the NUAW, the NFU, and the CLA after 1945.

(i)

The first national agricultural workers' union, the National Agricultural Labourers' Union (the NALU), was founded in 1872 under the chairmanship of Joseph Arch. However, a succession of poor harvests and the influx of grain imports from the United States caused a sharp decline in both agricultural employment and union membership, with the result that by the early years of the twentieth century the NALU had effectively collapsed. The harsh economic climate of the last quarter of the nineteenth century also took its toll on agricultural wages membership fell from 4,141 in 1910 to 3,290 by 1912. The NUAW had its origins in the Eastern Counties Agricultural Labourers' and Small Holders' Union, founded in 1908 to defend agricultural workers against their employers' wrath at the election of a Liberal Government. The Union's first clash with the farmers ended in defeat, with workers forced to return to work under their old conditions of employment and without any increase in wages. This defeat prompted a move towards the left, with the election of a Socialist President and affiliation to the TUC in 1911, and a vigorous recruitment campaign both inside and outside Norfolk. The Union also changed its name in 1911 to the National Agricultural Labourers' and Rural Workers' Union, finally becoming the NUAW in 1920.<sup>5</sup>

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<sup>5</sup> A somewhat polemical account of the 'birth' of agricultural trades unionism can be found in Reg Groves, Sharpen the Sickle (1949). A more recent and somewhat more dispassionate account of the growth of agricultural unionism can be found in Alan Armstrong, Farmworkers : A Social and Economic History 1770 to 1980 (1988). Background material on the 'labourers' revolt' of 1830-31, which acted as a spur to the formation of the first unions, can be found in J.L. and B. Hammond, The Village Labourer (1978).

The Union's recruitment campaign was helped by the passing of the National Insurance Act, under which the Union became an 'Approved Society', with village sick clubs and workers able to use it to register their insurance. By 1914 membership had increased to 15,000 spread over 360 branches in England and Wales.<sup>6</sup> As Table One shows, Agricultural wages began to show signs of improvement after 1910, although average wage rates disguise the differences that existed between counties and between different geographical areas; as Orwin and Whetham show wage rates could even vary considerably between parishes in the same county.<sup>7</sup> Many wage disputes were settled by negotiations with the employers, a process made possible by the NFU's official recognition of the Union, and discussions were often held on a county-wide basis. The First World War brought with it an increase in both agricultural wages and Union membership, the latter increasing to 126,911 by 1919. In 1919 average wage rates ranged from £1.17s. in the Eastern and North-Eastern counties to £2 in the North and North-Western counties, the rates in 1914 having been 15s. 3d. and 19s. 5d. respectively. These increases helped to encourage Union membership, and the prestige associated with the industry's part in the war effort also helped to swell the ranks of both the Workers' Union and the NFU between 1914 and 1918. The upward trend in wages was occasioned in part by the shortage of labour, coupled with the demands of wartime production, although as Armstrong shows the greatest increases occurred after the introduction of statutory wage-fixing machinery at the end of 1917.<sup>8</sup>

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6 The Workers' Union, founded in 1898 as a labourers' and general workers' union, began to recruit agricultural workers from 1910 onwards, although it tended to operate in areas where there was little or no National Union activity.

7 Orwin and Whetham, History of British Agriculture 1846-1914 (1964), p.338.

8 Armstrong, op. cit., p.166.

The Union had repeatedly called for the setting of a national minimum wage and in May 1913 the Labour Party had attempted to introduce legislation which provided for the creation of county wages boards empowered to fix wages, hours, and a weekly half-day holiday.<sup>9</sup> The union had also argued the case for a wages board in its evidence to the Milner Committee, the latter having been appointed by the President of the Board of Agriculture to draw up a food production plan for England and Wales. The Government's wartime production programme drew heavily on the Committee's findings, which recommended amongst other things the creation of an agricultural wages board and the setting of a national minimum wage. The Corn Production Act 1917 established a Central Wages Board and District Wages Committees and empowered the Central Board to fix minimum rates after consultation with the District Wages Committees.<sup>10</sup> Both consisted of equal numbers of employers' and workers' representatives, together with seven Board of Agriculture appointees. The 1917 Act set a minimum wage of 25s. per week to cover the period until the Board could assume its duties, although cash wages averaged 27s. 10d. in January 1918. At district level minimum rates soon began to increase, ranging from 42s. to 48s. per week by 1920.<sup>11</sup> Agricultural workers had also secured overtime pay and payment for Sunday

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9      The Landworker, April 1945.

10      39 District Committees had been created by May 1918. Armstrong, op. cit., p.166. The Central Board met for the first time in December 1917.

11      In Norfolk, where the first minimum wage order came into force in May 1918, the rate was fixed at 30s., a figure which had risen to 38s. 6d. by May 1919 and 42s. by April 1920. Figures quoted in ibid., p.166.

work by this time, and the wage fixing machinery had also reduced wage differentials between different areas.<sup>12</sup>

The Agriculture Act 1920 reaffirmed the provisions of the 1917 Act but with the repeal of the Acts in 1921 the wartime machinery was replaced by a system of voluntary County Conciliation Committees composed of workers' and employers' representatives.<sup>13</sup> Decisions reached at County level would be referred to MAF who could in turn make any wages agreement legally binding. By the end of 1923 wage agreements were in force in only 1/6 of the 62 districts covered by the scheme and the agricultural workers were unable to prevent drastic cuts being made in cash wages. The trend in wages can be followed in Table One and in Diagram One. As Alan Armstrong argues, after 1921 'the question of wages had been returned to market determination, and in the climate of depression there was little that the Committees could do to stem the tide of wage reductions'.<sup>14</sup>

The 1924 Labour Government prepared legislation to empower the County Wages Committees to fix minimum rates for their area, with a Central Wages Board empowered to ratify or amend agreements made at county level. During the Bill's

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12 Armstrong uses figures from A.L. Bowley, Prices and Wages in the UK, 1914-20 (1921) which show that between 1914 and 1921 wages in Oxfordshire, Suffolk and Norfolk (traditionally low wage areas) increased by 245%, 229% and 221% respectively, while wages in the counties of Lancashire, Durham and Northumberland (where workers had always enjoyed comparatively higher wages) increased by 122%, 119% and 116% respectively. Armstrong, op. cit., p.166-167.

13 Both Milner and Selborne spoke in favour of the retention of the Central Wages Board but to no avail. To quote Edith Whetham, by the summer of 1921 'all that remained of agricultural policy was an official belief in the virtues of uncontrolled prices, at a time of disordered currencies, world-wide deflation of prices, and persistent unemployment in Britain's major industries'. E.H. Whetham, The Agrarian History of England and Wales Vol. VIII, 1914-1939 (1978), p.141.

14 A. Armstrong, op. cit., p.180.



passage through the Commons the Liberals and the Conservatives succeeded in removing all the provisions relating to the creation of the Central Board with the right to intervene in Committee decisions. The Conservatives were in fact opposed to any form of organised wage regulation, believing that 'the voluntary settlement of wages between masters and workmen'<sup>15</sup> was the best method of wage negotiation. However, the Conservatives needed the support of the Liberals to defeat Labour's proposals and the Liberals were only opposed to the Central Board having the right of veto over wage agreements. Under the Agricultural Wages (Regulation) Act 1924 the Central Board was granted limited advisory powers and the County Committees were given the full responsibility for fixing rates of pay, hours and conditions. The Central Board could only become involved in wage negotiations if a County Committee failed to reach a settlement, or if it was invited to do so by a Committee. MAF's Report of the Proceedings under the Agricultural Wages Act, published in 1930, argued that the system had led to unjustified variations in wages and hours between counties,<sup>16</sup> although there was some slight improvement in average minimum wages after 1924.<sup>17</sup>

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15 The Landworker, April 1945.

16 The Report concluded that 'It would be difficult to justify some of the results which have followed from the present system. Not only does the amount of the minimum wage and the maximum number of hours for which that wage is payable vary greatly between county and county in which there is little or no substantial difference in the character of the industry, but in one country milk may be a benefit, the value of which may be deducted from the cash wage, and in the next county such deduction may be illegal'. Quoted in The Landworker, April 1945.

17 Between 1924 and 1939 the average minimum increased from 28s. per week to 34s. 9d. Armstrong, *op. cit.*, p.183. County minimum rates continued to vary throughout inter-war period, and as Armstrong points out many farmworkers earned more than the minimum rate.

The NUAW and the Labour Party continued to press for the introduction of a national minimum wage backed by some form of centralised wage-fixing machinery throughout the inter-war period. Wages increased in the early months of the Second World War but wide disparities remained between agricultural and industrial wages. MAF emphasized that the most important limiting factor on production would be a shortage of labour, and particularly of skilled labour; between the outbreak of the war and March 1940 MAF claimed that the industry had lost 50,000 workers, of which 42,000 were regular, skilled workers. The Food Policy Committee agreed that the exodus of labour from the land had to be halted, and suggested that this could be achieved by increasing wages and by restricting the movement of agricultural workers into other occupations. In May 1940 the War Cabinet agreed to a national minimum wage of 48s. and an order was passed prohibiting non-agricultural employers from engaging male workers employed in agriculture.<sup>18</sup>

The NUAW argued for a return to the system of wage regulation that had been employed in 1914-18, on the grounds that as farmers' prices were being fixed nationally farmworkers were entitled to the same degree of security. The Union also argued that regional anomalies would be ironed out, settlements would be reached more quickly, and that central wages regulation would also be in keeping with general industrial practise.<sup>19</sup> The NFU objected to a number of the NUAW's proposals and the resulting legislation was essentially a compromise between their differing viewpoints. Under the provisions of the Agricultural Wages (Regulation) Act 1940 the

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18 The Undertakings (Restrictions on Engagement) Order, 1940.

19 See LP(46)98, April 25th 1946, 'Agricultural Wages Regulation', memorandum by the Minister of Agriculture, in PRO CAB 71/21. See also Murray, Agriculture (1955), p.84.

existing County Committee system was retained but the Central board was empowered to fix, after consultation with the County Committees, a national minimum wage for adult male workers to act as a 'datum line' when wages were being fixed.

The new legislation did not put an end to variations in minimum wages, and the Government also became increasingly concerned that County Committees might fix rates greatly in excess of the national minimum, which would in turn lead to pressure from the farmers to increase agricultural prices. In view of these problems a Defence Regulation was passed granting the Central Wages Boards for England and Wales and Scotland the power to fix a uniform national minimum wage while prices continued to be fixed nationally and a market guaranteed for agricultural produce.<sup>20</sup> By 1945 the minimum wage had risen to 70s. In Tom Williams' opinion the new system had 'entirely justified itself on its own merits'<sup>21</sup> and so the transfer of authority, due to end in December 1947, was made permanent under the Agricultural Wages (Regulation) Act 1947. The Central Boards could still deal with wages on a county basis and were not obliged to fix a uniform minimum, but as the general trend had been towards greater uniformity Williams expected this trend to continue.<sup>22</sup> Under the 1947 Act the County Committees would act as advisors to the two Boards, informing them of local circumstances and conditions, and the Central/Agricultural Wages Boards were left free to consider 'any single factor or combination of factors' when determining

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20 Between 1921 and 1937 wages in Scotland had been determined by voluntary agreement, although thereafter the system had been brought more into line with the English arrangements.

21 H. of C. Deb. (5th Series), Vol. 430, Col. 1269.

22 ibid., Col. 1270. By 1947 the minimum wage throughout England, Scotland and Wales was £4.10s. per week. The Central Agricultural Wages Boards were also empowered to define overtime and 'benefits and advantages', payments in kind which might constitute a proportion of a worker's wage.

minimum wage levels.<sup>23</sup> As constituted under the 1947 Act the Agricultural Wages Boards consisted of eight representatives of both the farmers and the workers, nominated by the NFU and the NUAW and TGWU respectively, together with five MAF appointees.<sup>24</sup> As well as financial gains the war and early post-war years also brought with them a considerable expansion in NUAW membership, from 50,000 in 1939 to 162,533 by the end of 1947, although the Union was ultimately unable to consolidate these gains and by 1957 membership had declined to 150,000.<sup>25</sup>

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23 H. of C. O.R. Standing Committees, 1946/47, Vol. 1, Col. 16.

24 Five of the eight workers representatives were chosen by the NUAW, three by the TGWU.

25 Self and Storing, The State and the Farmer (1962), p.159.

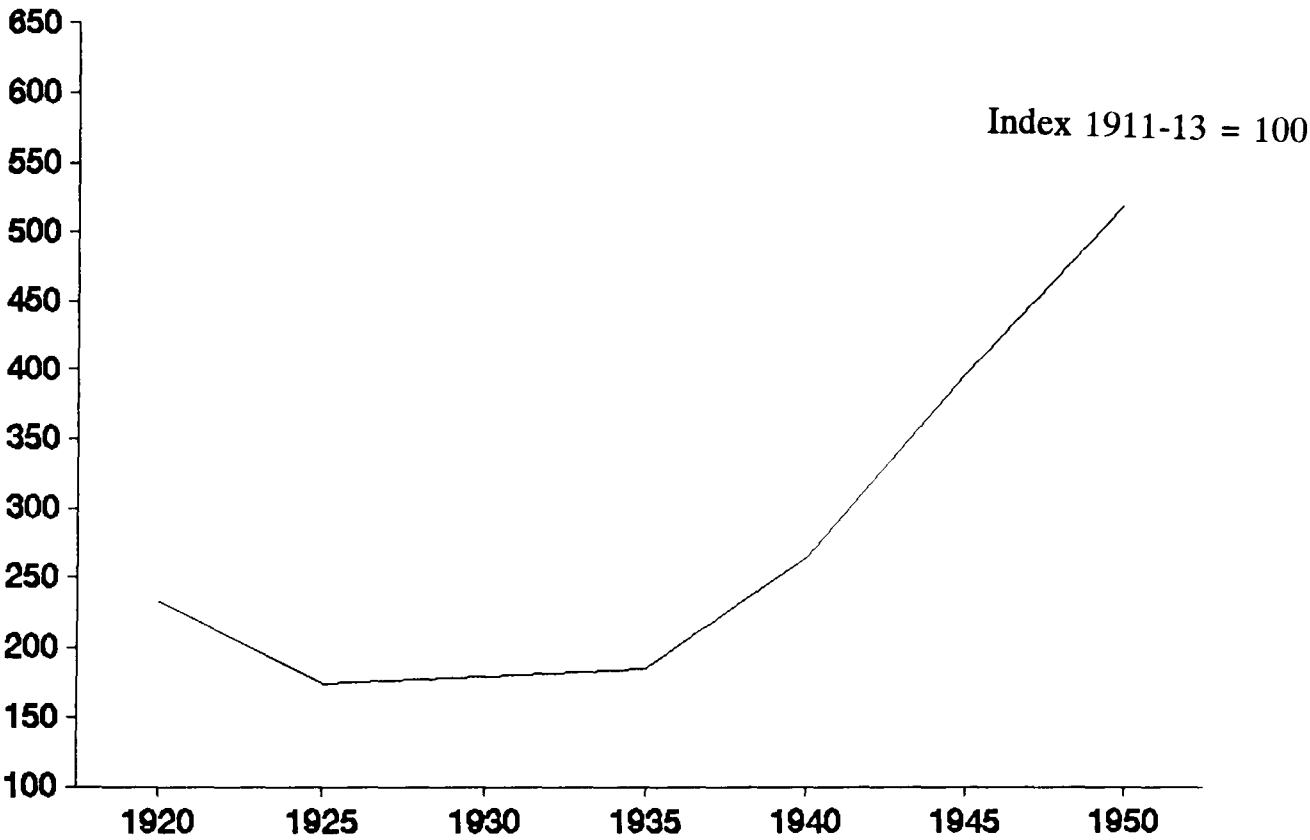
Table One

The Average Weekly Wage of Ordinary  
Agricultural Labours in England.

(Source : Lord Ernle, English Farming : Past and Present (London, 1961) Appendix IX., and Reg. Groves, op. cit., p.252-253).

	1898		1910		1914		1919		1924		1938	
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
Eastern & North-Eastern Counties (Inc. Essex, Norfolk, Lincoln & East Riding of Yorks)												
Average Rate	12	8	14	0	15	3	37	3	30	5	34	11
West Midland and South Western (inc. Devon, Gloucester, Monmouth and Somerset)												
Average Rate	12	11	13	9	14	11	38	8	30	11	35	2
South-Eastern and Eastern Midlands (inc. Berks, Kent Northants and Sussex)												
Average Rate	13	10	15	1	16	1	37	9	31	5	34	10
North and North-Western Counties (inc. Cheshire, Durham, Lancs. and the North-West Ridings of Yorkshire)												
Average Rate	16	11	18	0	19	5	40	1	31	1	35	6

Diagram One



Index of Agricultural Wage Rates, 1920-1950 (Source : K.A.M. Murray, Agriculture (HMSO, 1951), p.19).

(ii)

The Government and the NUAW clashed over agricultural wages in January 1946. In December 1945 the Union had applied to the English and Welsh Wages Board for an increase of 20s. in the national minimum wage, from £3. 10s. to £4. 10s., but their claim had been rejected. The Board's decision had generated considerable resentment amongst agricultural workers, who argued that the Board had given insufficient consideration to their arguments and that the decision had been unduly influenced by the fact that any increase in wages would add to the Exchequer's liability. This last accusation cast doubt on the Board's impartiality and competence and in a memorandum to the Lord President's Committee in January 1946 Tom Williams argued that the NUAW's claims were not borne out by the Board's statement on their decision.<sup>26</sup>

The Board's view was that the Union's claim had not been made out on its merits and Williams argued that the NUAW's calls for the Ministers of Agriculture and Labour to intervene in the dispute raised 'grave issues'. Although Labour was committed to the provision of 'adequate remuneration' and 'decent living conditions' for all those involved in the industry, any attempt to give precise definitions, either in terms of wages or farmers' income, would create serious problems for the Government. If the Government was to express views on wage settlements or guarantee price increases in advance it would fall into the trap that the last Government had only just avoided, namely:

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26 LP(46)15, January 22nd 1946, 'The Agricultural Minimum Wage', memorandum by the Minister of Agriculture, in PRO CAB 132/2.

'The acceptance of a direct relationship between wages and prices, with automatic adjustment of prices to compensate for any increase in wages costs and a consequential increase in the calls on the Exchequer and the Taxpayer'.<sup>27</sup>

Labour had been able to avoid making such a commitment until now and Williams maintained that the only course of action, given the Government's responsibility for price-fixing, was to pledge that Labour intended to establish conditions within the industry which would secure the objectives outlined in his December 1945 speech, whilst leaving the actual fixing of wages to an independent authority. Williams also emphasised the long struggle that had been required to secure this system of wage-fixing, adding that all this effort would be 'thrown away' if the Board's competence was called into question by Government interference in their decisions.<sup>28</sup> Any Government intervention would shift the responsibility for fixing the minimum rate onto the Government, and if Labour was concerned to maintain a particular relationship between agricultural wages and wages in other industries then it would also have to assume the responsibility for fixing the latter's wages.<sup>29</sup> George Isaacs repeated Williams' warnings, arguing that any interference with the Wages Board would have serious repercussions for the authority of other statutory wage-fixing

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27 ibid.

28 'For twenty years I have been one of those who fought in Parliament on behalf of the Labour Party and the Agricultural Workers' Union for the system of regulation of wages on a national basis by an independent statutory authority. The battle has now been won, but the results would be thrown away if the competence of the Board were to be called into question by Government intervention in any shape or form'. ibid.

29 George Isaacs, the Minister of Labour, had also stated in the Commons that the Government had no intention of departing from the traditional policy of wage regulation through voluntary agreement.



bodies. Isaacs also argued that the workers and the employers should be brought together to discuss a grading scheme for agricultural wages, one which would take account of differences in workers' skills and experience.<sup>30</sup> The Lord President's Committee endorsed MAF's view of the situation and invited Williams and Isaacs to take steps to encourage the NUAW and the TGWU to meet the NFU to discuss the possibility of a graded wages structure.<sup>31</sup> In a note to Williams sent a few days after the Lord President's Committee meeting Attlee stressed that the whole issue was one of 'considerable importance' and invited him to submit a memorandum setting out the problems involved, and any decisions taken, to the Cabinet.<sup>32</sup>

The Landworker took the view that while the Government's position was 'technically correct' it came as a disappointment to the agricultural workers, who expected Labour ministers to behave differently from Conservative ministers and who did not believe that the Wages Board was beyond the Government's influence.<sup>33</sup> As the NUAW was quickly to point out the Government had already interfered, albeit indirectly, with the Wages Board's deliberations. In 1940 the minimum wage had stood at 38 s. and during their discussions the Board had envisaged an increase of some 4 s. per week. However, in view of the need to encourage workers to remain on the land MAF

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30 LP(46)19, January 24th 1946, 'The Agricultural Minimum Wage', memorandum by the Minister of Labour and National Service, in PRO CAB 132/2. Williams had made a similar point in his submission to the Lord President's Committee.

31 LP(46)3rd, January 25th 1946, in PRO CAB 132/1.

32 Williams' memorandum to the Committee, and a report of their conclusions, was submitted to the Cabinet on January 28th as CP(46)29 (PRO CAB 129/6). The Cabinet subsequently endorsed the Lord President's Committee's decisions (CM(46)10, January 31st 1946, in PRO CAB 128/5). See also PRO PREM 8/126, January 28th 1946, Attlee to Williams.

33 The Landworker, March 1946.

suggested to the NFU and the NUAW that they should jointly submit a figure of 48 s. to the Board, and the minimum was subsequently increased to this level in June 1940. Hudson had had no direct dealings with the Wages Board, and Williams' view was that the Government had simply given a 'lead' to the Board in exceptional circumstances. The NUAW, on the other hand, seemed to regard Hudson's actions as setting a precedent for further state involvement in the wage-fixing process.<sup>34</sup> The NUAW argued that the Government had a 'moral responsibility' to ensure that agricultural workers were offered wages in line with those paid to workers in industries not subject to Government restrictions, and that it could not divest itself of this responsibility.<sup>35</sup>

For their part the NFU agreed that a skilled farm worker should receive a wage equal to that paid to an industrial worker, but the Union was concerned to distinguish between the willingness and the ability to pay. The NFU would only agree to an increase in wages on the understanding that prices would be reviewed on the basis of all the additional costs involved.<sup>36</sup> In February the Wiltshire branch of the NUAW passed a resolution calling for strike action in support of the Union's claims. At the Hants Union's conference the General Secretary A.C. Dann told delegates that he was not in favour of immediate strike action, but that if their demands were not met there would be deputations from all over the country, 'if necessary spending the last farthing

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34 Williams gives an account of this incident in LP(46) 15th, January 22nd 1946, in PRO CAB 132/2. For Hudson's account of this episode, see H. of C. Deb (5th Series), Vol. 373, Col. 2201-5.

35 The Landworker, March 1946.

36 The Farmer and Stockbreeder, January 22nd 1946.

of the Union's money' to gain their objectives.<sup>37</sup> Speaking at the NFU Council in March 1946, James Turner discussed the continuing disparity between agricultural and non-agricultural wages, arguing that what was needed was a wages policy that recognised the relative value of the basic industries to the community as a whole. British agriculture, he continued, resented 'this policy of relegating food production to the bottom of the industrial ladder from the point of view of both farmworker and farmer'.<sup>38</sup>

The question of a graded agricultural wages structure was raised again at the beginning of February 1946. Isaacs and Williams told their Cabinet colleagues that the NFU were willing to consider the introduction of such a system if the Government accepted that any increase in costs would be matched by price increases, while the NUAW had stated that they had already discussed and rejected such a proposal. No reply had been received from the TGWU.<sup>39</sup> Both sides were unwilling to meet together to discuss the issue and the Parliamentary Agriculture and Food Group were known to be unhappy with the whole situation.<sup>40</sup>

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37 Reported in The Farmer and Stockbreeder, February 26th 1946.

38 The Farmer and Stockbreeder, March 26th 1946.

39 CM(46)13, February 7th 1946, in PRO CAB 129/5.

40 Williams believed that the Agriculture and Food Group would take the view that the world food situation demanded special action by the Government with regard to the workers' claims (*ibid.*). In January the Agriculture and Food Group had passed a resolution stating that they would view the future of the industry with 'great apprehension' if the Wages Board refused to grant an increase in the minimum wage, and had sent a deputation to present their views to Tom Williams. See PRO PREM 8/126, January 23rd 1946, Note of a Meeting of the Parliamentary Agriculture and Food Group, and PRO PREM 8/126, January 24th 1946, Note on a Meeting with a Deputation from the Agriculture and Food Group.

Isaacs suggested that he should summon representatives of all three Unions to a meeting, while Tom Williams suggested taking what he saw as a more positive approach. He could be asked a question in the Commons as to whether it would be appropriate for the Wages Board to consider the general world food situation when judging a claim for an increase in the minimum wage. As the Board's terms of reference required that they considered general economic conditions, Williams suggested that he should answer such a question in the affirmative. The Cabinet, however, felt that such a response would serve as an invitation to the Board to grant an increase in wages and would therefore be 'inexpedient'. It was eventually decided that the best course of action would be to invite the Minister of Labour to call a meeting of the producers' and workers' representatives.

At the first meeting the workers' representatives rejected any suggestion of wage grading, and were only prepared to discuss the subject if minimum wages were included on the agenda. The NFU were prepared to discuss the question of wage grading but felt that the fixing of minimum wage rates should be the sole responsibility of the Wages Board. Eventually the two sides reached agreement on a joint statement in which they stated that while there was no serious objection in principle to wage grading it could only be a long-term objective, and that at the present time such a system would be 'impracticable and unworkable'.<sup>41</sup>

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41 See CP(46)145, April 9th 1946, 'Agricultural Wages', memorandum by the Minister of Labour and National Service, in PRO CAB 129/8. By 1956 the NUAW Executive was arguing that a graded wage structure was both practicable and desirable, although it was defeated on this issue at that year's Conference. In 1958, however, the Conference supported the Executive by a small majority. The Landworker, April 1956 and June 1958.

Isaacs told the Cabinet that the NUAW were unwilling to approach the Wages Board again unless they saw a reasonable prospect of a change in the latter's attitude. The NFU would welcome a renewed application but were unwilling to assume any responsibility for an increase in the minimum wage without some assurance on prices. On the one hand, he continued, the Government had to avoid compromising the authority of the Board or committing itself to the automatic adjustment of agricultural prices, but on the other the already unsatisfactory labour situation would deteriorate still further unless some positive action was taken. Isaacs suggested the resumption of talks between the two Unions and that, with the agreement of the Minister of Agriculture, he would tell the NFU that MAF would be prepared to give a decision on prices as soon as possible in the event of an increase in the minimum wage, and would make any adjustment in prices deemed to be 'reasonable' in the circumstances.<sup>42</sup>

In reply Williams argued that such assurances would create the impression that the Government was accepting responsibility for any decision to increase minimum wages, and stated that he could not commend this course of action to his colleagues. Williams's view was that there was no reason to think that the Wages Board had not considered all the relevant factors when making their decision, but that circumstances had altered considerably since then. Williams went on to repeat the suggestions he had made at the previous Cabinet meeting.<sup>43</sup> The Cabinet concluded that both Isaacs'

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42 CP(46)145, April 9th 1946, in PRO CAB 129/8.

43 CP(46)146, April 10th 1946, 'Agricultural Wages', memorandum by the Minister of Agriculture, in PRO CAB 129/8. Williams also gave MAF's view of wage grading: 'it has to be recognised that in an industry such as agriculture, where units of production and numbers employed by each are very small, the practical difficulties are formidable'.

and Williams' suggestions implied a commitment to the automatic adjustment of agricultural prices, and that the Minister of Labour should tell the NUAW to review their application to the Wages Board. He was to give no indication that the Government was prepared to consider any adjustment in producers' prices.<sup>44</sup> The NUAW eventually secured a 10 s. increase and finally secured a minimum wage of £4 10s. in August 1947.

The increase eased the pressure on Labour to intervene in the Board's decisions but left the Government with two problems; what line to take on agricultural prices, and the likely effect of the increase on wages in other industries. These two problems were discussed in a memorandum submitted to the Lord President's Committee by Tom Williams in May 1946.<sup>45</sup> The Board's decision, he maintained, had been influenced by a desire to reduce the disparity between wages in agriculture and industry and if labour was to be attracted onto the land, and a wage-price spiral avoided, this new wage relationship should not be disturbed. Any guidance given to other statutory wage-fixing bodies should, he continued, emphasize that a reduction in the gap between wages in agriculture and industry was necessary if a high level of food production was to be maintained. A dangerously unsettling position would arise if other groups of workers assumed that the increase in the minimum wage gave them cause to demand a wage increase; the time had come, Williams believed, to put an

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44 CM(46)33, April 11th 1946, in PRO CAB 128/5.

45 LP(46)108, May 2nd 1946, 'Agricultural Wages', memorandum by the Minister of Agriculture in PRO CAB 132/3. For a discussion of the question of agricultural prices see Chapter V.

end to the pre-war assumption that farmworkers had always to remain at the bottom of the wages ladder.<sup>46</sup>

In a further memorandum Williams proposed making the centralised determination of wages by the Wages Board a permanent piece of legislation.<sup>47</sup> Williams proposed bringing the Board's powers more into line with those of the Wages Councils, whilst divorcing centralised wage-fixing from any particular system of price fixing.<sup>48</sup> The Working Party on Wages Policy concluded that the proposals were in accordance with the general principles approved by Ministers in connection with wage negotiating machinery in industry, although the Ministry of Labour had expressed concern over a number of Williams' proposals.<sup>49</sup>

Isaacs argued that Williams proposals implied that other industries should fix their wage rates in relation to the agricultural minimum wage, and that this view was based on 'too narrow a conception of the needs of the situation'.<sup>50</sup> There was a need for wage stabilization throughout the whole of British industry, Isaacs continued, and it

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46 The Working Party on Wages Policy estimated that average male earnings were approximately 75% of the general level of earnings in industry, and concluded that agriculture could still be regarded as a low-pay industry. W(46)16, May 8th 1946, 'Report on Agricultural Wages', circulated as LP(46)111, in PRO CAB 132/3.

47 LP(46)98, April 25th 1946, 'Agricultural Wages Legislation', memorandum by the Minister of Agriculture, in PRO CAB 132/3.

48 Although the proposed legislation only covered England and Wales Williams expected that the Secretary of State for Scotland would seek the inclusion in any legislation of provisions amending the Scottish Wages Acts to bring the two Boards into greater uniformity.

49 W(46)16 (Final), circulated with LP(46)98, in PRO CAB 132/3. The Working Party also concluded that a graded wages structure would help to improve agriculture's status as an industry.

50 LP(46)112, May 9th 1946, 'Agricultural Wage Increases', memorandum by the Minister of Labour and National Service, in PRO CAB 132/3.

would be undesirable for the Government to give the impression that the need for stability was stronger in relation to agriculture than to any other industry. It would be 'objectionable' if the Government attempted to directly influence wage negotiations in the way Williams seemed to be suggesting, and Isaacs also suggested that the problem was 'more fundamental than the relative level of the agricultural minimum rate'. The future status of agriculture, he continued, would depend on its ability to demonstrate that it offered men of ability the opportunity to advance themselves and to be rewarded for their efforts. The Lord President's Committee agreed that legislation should be prepared on the lines suggested by Tom Williams and invited Isaacs, Williams, Bevan, Barnes and Westwood to consider what immediate steps could be taken to prevent the relationship established by the Wages Board's decision being disturbed by wage rises in other industries.<sup>51</sup>

In November 1946 Shinwell, with the support of Bevan and the left-wing of the Party, argued for the creation of new machinery for regulating wages and the labour market. Shinwell envisaged a central wages tribunal and a new policy of minimum wage rates for key industries, higher rates in 'unattractive' industries, and an agreed policy of relating wage increases to productivity. Shinwell pointed out that the Government had already intervened indirectly in the fixing of agricultural wages and argued that Government intervention in the wage levels of different industries was inevitable. Isaacs, Bevin, Morrison, and Cripps all opposed Shinwell's proposals and the notion of Ministers having any direct involvement in the fixing of wages. All supported a policy of voluntary wage restraint and free collective bargaining, a policy which was

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51 LP(46)16th, May 10th 1946, in PRO CAB 132/1.



given its formal expression in the Statement on Personal Incomes, Costs and Prices published in 1948.<sup>52</sup>

Wages continued to rise after 1946 reaching £5 by 1950, a figure almost three times as high as their 1938 level, while wages in general had slightly less than doubled. The 1947 Wages Act established the sort of centralised wage-fixing machinery that had long been sought by the NUAW, but these gains have to be set against the Union's failure to secure its basic objective of wage parity with other skilled workers. According to the Ministry of Labour Gazette, in 1959 average weekly earnings in agriculture were approximately 38% below those in manufacturing industry in both 1949 and 1939.<sup>53</sup> As the following section will show the Union's disappointment at the Government's refusal to intervene in wage-fixing was exacerbated by their failure to gain equal representation with the NFU on the CAEC's, and by the NUAW's failure to secure the end of the 'tied' cottage system. In 1950 E.G. Gooch, the NUAW President complained that Williams had 'leaned too much on the farmers. Let him lean our way for a while and he will be surprised at the response he and the Labour Party will get. We want a much larger share in the running of the industry'.<sup>54</sup> After 1951 the differences between Labour and the NUAW became less acute but the Union also began to stress its role in improving its members' conditions regardless of which Party was in power.

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52 See K.O. Morgan, Labour in Power 1945-1951 (1985), p.132-133. The Statement on Personal Incomes, Costs and Prices was published as Cmd 7321 (1948).

53 Quoted in Self and Storing, op. cit., p.167.

54 Quoted in ibid., p.174-175.

'Our gains would have been much less had we expected the employers or any of the political parties to do for us what we have done for ourselves'.<sup>55</sup>

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55      Quoted (my italics) in ibid., p.175.

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In the inter-war period Labour had advocated the creation of a national wages board, unemployment insurance for farmworkers, and the end of the tied cottage system. From the mid-1920's the Party had also begun to realise that it could never hope to form a majority Government while it remained solely an urban party, and so in 1926 a campaign was launched to increase public awareness of Labour's agricultural policy in rural areas.<sup>56</sup> However, in the early 1930's the NUAW had cast doubt on the extent of Labour's gains in the countryside, arguing that the Party had failed to offer 'real and concrete' guarantees of better wages and living conditions. Subsequent Party Conferences reaffirmed the importance of the 'agricultural vote' to Labour's election prospects and promised that the NUAW would have 'first call' on a Labour Government's attentions. Between 1924 and 1939 NUAW membership increased from 28,916 to over 50,000, an increase that convinced Labour of the overall success of its rural campaigning and led to the launch of another campaign in the autumn of 1945.

The NUAW Executive urged its members to do everything in their power to ensure a Labour victory at the 1945 General Election, but by the end of the year the Union was expressing its disappointment at the absence of specific references to either wages or tied cottages in Williams' December 1945 policy speech. In Our Land Labour had pledged that it would abolish all 'tied' housing and that agricultural wages would be

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56      See Chapter II.

raised to a level 'at least' equal to that paid to skilled workers in other industries.<sup>57</sup> The relationship between Labour and the farmworkers was further soured by disagreements over the make-up of the reconstituted CAEC's. Labour had always maintained that employers and workers would be equally represented on the Committees,<sup>58</sup> but in the face of strong NFU opposition to this suggestion the Union was allowed three representatives to the NUAW's (and CLA's) two.<sup>59</sup> The NUAW was quick to point out that agricultural workers could just as easily suffer at the hands of the CAEC's as the farmers, as the Committees could issue certificates enabling a farmer to obtain a court order for the dispossession of a tied cottage occupied by one of his employees. Over 1,000 such certificates had been issued in 1945 and as tied dwellings were not covered by the provisions of the Rent Restriction Acts a tenant could be evicted without being given any alternative accommodation.<sup>60</sup>

During the Committee stage of the Agriculture Bill E.G. Gooch accused the Government of having deliberately ignored many of the points that the Party had previously regarded as being essential for the future success of the industry. Williams reply did little to placate the NUAW President.

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57     The Labour Party, Our Land (1943), p.8-9. At the 1945 TUC A.C. Dann, the NUAW's General-Secretary, had moved a resolution calling for wages and conditions in agriculture to be equal to those obtained by skilled workers in other industries, and the resolution had been carried unanimously. TUC, Report of the 77th Annual Congress (1945), p.279.

58     See The Labour Party, Our Land (1943) and The Land and the National Planning of Agriculture (1932).

59     For the background to the reform of the CAEC's, see Chapter III.

60     The Landworker, April 1946.

'Neither my Hon. friend nor I, in 1926, had the faintest notion that in 1947 we should be privileged to sit here taking a Bill through the House of Commons with power to place farms under supervision, power to give farmers directions as to what they shall and shall not grow, power to dispossess farmers and to acquire compulsory estates where owners are not doing their job'<sup>61</sup>

At the time Gooch called the above an 'astonishing statement' and later asked Williams why he had 'bothered to draw up such a policy if he and others did not visualize the possibility of one day being able to put it into effect'.<sup>62</sup> The Union continued to press for equal representation, moving a resolution at the 1948 TUC calling on Congress, to demand, in the light of the TUC's policy that workers had a right to participate in the running of industry, that all Committees concerned with agricultural issues should have equal numbers of employers and workers representatives.<sup>63</sup> The matter was subsequently referred to the TUC's General Council, who in turn referred it to the Economic Committee.<sup>64</sup>

The TUC had already discussed the issue with MAF in February 1947. The TUC had told Williams that Congress regarded the reconstitution of the CAEC's as an 'error of judgement' and questioned whether the new Committees could be relied upon to

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61 H. of C. Deb. (5th Series), Vol. 438, Col. 740.

62 ibid., Col. 741.

63 The TUC, Report of the 80th Annual Congress (1948), p.385. See also The Landworker, August 1948.

64 The TUC, Report of the 81st Annual Congress (1949), p.241.

implement policies that would drastically effect the interests of farmers or landowners.<sup>65</sup> In reply Williams argued that farmers would be most affected by the activities of the CAEC's, and that no policy could hope to succeed without the farmers' support. There was, he continued, no possibility of increasing worker representation in the foreseeable future, for 'to do so would be to throw away the enormous advantages of NFU confidence and support for the Bill'.<sup>66</sup>

One member of the delegation suggested that it was more important for Labour to secure the confidence of the workers. In reply Williams argued that it was equally desirable but that the workers had not yet acquired a considerable share of the running of the industry. He had made, he believed, the best bargain possible. Williams told the delegation that he had faced two possible courses of action when preparing the legislation for the Agriculture Bill; the creation of a 'radical' bill which would have relied on the Party's majority in the Commons to force it through, or a milder bill drawn up in conjunction with the industry. Williams had chosen the latter course as he had doubted that he would be able to find enough willing Committee members to implement a radical policy.

Replying on behalf of the General Council to a NUAW resolution on the CAEC's at the 1949 TUC Conference, Lincoln Evans argued that the issue was the adequacy

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65 PRO MAF 53/116, February 11th 1947, Deputation on Workers' Representation on the CAEC's.

66 ibid. Williams told the TUC delegation that as the farmworkers gained more experience of Committee work he would increase their representation on the CAEC's by including them amongst his own appointees.

rather than the equality of representation. The TUC view was that the NUAW had not provided them with any evidence that they felt themselves to be handicapped in any way by their unequal position vis-a-vis the NFU.<sup>67</sup> The NUAW's main argument for equal representation at the 1949 and 1950 TUC Conferences was that it was necessary to ensure that the Government's production targets were reached.<sup>68</sup> The Union continued to press for equality of representation with the NFU, but by January 1951 the TUC's Economic Committee had concluded that in view of the 'extensive action' taken by the General Council on the issue, no further useful action could be taken in this direction.<sup>69</sup>

The tied cottage was another issue on which the Union felt it had been let down by Labour. Labour policy as expressed in Our Land had called for the abolition of all 'tied' property, but no mention of this issue was made in the 1945 manifesto or in Williams' first policy speech to the Commons in December 1945. There were in fact two types of tied or service dwelling. Some properties were provided by employers for their workers to live in, the occupancy of the property being a major condition of their employment. No rent was paid for these cottages and as no tenancy agreement existed in law such properties were not covered by the Rent Restriction Acts and so the owner could regain possession without a court order. For some properties a tenancy agreement did exist, with the occupier paying rent, and so those properties

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67 The TUC, Report of the 81st Annual Congress (1949), p.474-75.

68 'Our organisation has always contended that Committees which are composed mainly of farmers and landowners would not be likely to secure the production of food in the quantities required by the Government and events are certainly showing that their view is right'. ibid.

69 Reported in the TUC, Report of the 83rd Annual Congress (1951), p.267-8. See also Report of the 84th Annual Congress (1952), p.392-93 and The Landworker, June 1950.

were partly covered by the Rent Acts. A tenant leaving his job could still be evicted but only if the owner was in possession of a court order, which in turn required the authority of a CAEC. The landlord was not required to provide a tenant with alternative accommodation.<sup>70</sup>

In 1945 the Inter-Departmental Committee on Rent Control found against altering the law in respect to service cottages, although the two Labour members produced a 'Note of Reservation' in which they argued that cottages occupied by agricultural workers should be brought within the sphere of any new legislation. In their evidence to the Committee the NFU had 'strongly urged' the retention of the existing system, while the NUAW had made 'strong representations' against the service cottage system.<sup>71</sup> Labour's post-war attitude to the whole question of agricultural housing was revealed in Bevan's response to a resolution moved at the 1947 Party Conference, calling on the NEC to approach the Government and to request the abolition of all tied accommodation and the amendment of the Rent Acts to protect the occupants of such properties. The NEC was to press the Government to implement fully its policies with regard to the provision of housing in rural areas.<sup>72</sup> In reply Bevan agreed that the existing system was 'repugnant to any decent feeling'<sup>73</sup> but argued that it was a 'fact

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70 A Landlord could also apply to his CAEC for permission to convert a non-'tied' into a tied cottage, these properties being occupied by tenants not in the farmer's employ. The farmer had to convince the CAEC that the proper working of the farm depended on an increased number of service cottages.

71 See R21, January 1951, 'The Tied Cottage', a memorandum presented to the Policy and Publicity Committee of the NEC on January 15th 1951. NEC, EC4 (1950/51), January 24th 1951.

72 The Labour Party, Report of the 46th Annual Conference (1947).

73 It was, he opined, 'a hardship that ought not to be tolerated any longer ..... that when a man changes his job he should necessarily have to abandon his house'. ibid., p.126.



of life' that certain cottages were part of the farm as a whole and that certain jobs could only be done by men who lived reasonably close to the farmstead. Labour was doing its best to give farmworkers a standard of life at least equal to that enjoyed by an urban worker, and Bevan was confident that the Party would soon 'break the back' of the rural housing problem.<sup>74</sup>

Bevan's view was that the Conservatives were responsible for the shortage of rural accommodation that had made the tied cottage an evil for 'it only becomes an evil if there is no adequate alternative accommodation ..... the real solution of the problem is the building of additional houses'.<sup>75</sup> Until the rural housing shortage was solved the abolition of the tied cottage would only cause further problems for the farmworkers. When Bevan had made similar points in a speech to the NUAW in July 1946 the Union had reacted by arguing that his proposals did not by themselves provide an adequate solution to the problem. The Landworker had argued that Labour's handling of the tied cottage question would be the test of the sincerity of the Party's pledges to the agricultural workers.<sup>76</sup> In his speech to the NUAW Bevan had promised that the Government would deal with the issue as soon as the Parliamentary Timetable allowed, arguing that agricultural housing could not be dealt with in isolation; large numbers of miners and railway workers lived in service cottages and

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74 See Craig, op. cit., p.115 and p.129. See also K.O. Morgan, Labour in Power 1945 - 1951 (1985), p.165-166.

75 The Labour Party, Report of the 46th Annual Conference (1947), p.126.

76 The Landworker, September 1946.

any future legislation would have to deal with service accommodation and rent restriction as a whole.<sup>77</sup>

Bevan asked the Conference to vote against the NUAW resolution, arguing that it was impossible for delegates, ignorant of the Parliamentary situation, to determine the Parliamentary timetable. All the conference could do, he continued, was 'record its views in principle, and ask that they be implemented at the earliest possible moment'.<sup>78</sup> The issue was raised by A.C. Dann the following year and Dann was quick to point out the potentially damaging effects Labour's stance on the tied cottage could have on its rural campaigning. Large numbers of rural dwellings were unfit for human habitation and there were insufficient new properties being built to house the families living in these decaying dwellings.<sup>79</sup> Bevan once again argued that it was not the Conference's job to try and determine the timing of legislation and that the issue could only be dealt with in the context of a new Rent Restriction Act. However, despite Bevan's arguments the resolution was passed and the NUAW continued to press both the NEC and the Government on the issue.<sup>80</sup>

Labour Believes in Britain, published in 1949, repeated the claim that the best way to solve the tied cottage problem was to build more un-tied dwellings in rural areas.

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77 ibid.

78 The Labour Party, Report of the 46th Annual Conference (1947), p.127. In April 1947 John Edwards, Bevan's Parliamentary Secretary, told the Commons that there would be no time to deal with tied cottages in the current Parliamentary session and that they would be tackled 'in due course'. H. of C. Deb. (5th Series), Vol. 435, Col. 2187.

79 The Labour Party, Report of the 47th Annual Conference (1948), p.212-213.

80 See the report on the NUAW's 1950 Conference in The Landworker, June 1950.

In reply the NUAW argued that 'to advocate new building as a solution to the problem is skirting the real issue', pointing out that between June 1945 and December 1948 12th, 12,679 of the permanent new homes built in rural areas had been let to agricultural workers while there had been 23,000 new entrants to the industry in 1948 alone.<sup>81</sup> The Party's 1950 manifesto pledged that the Rent Restriction Acts would be discussed in the new Parliament and that the Union would be consulted as to the best method of increasing the security of farmworkers.<sup>82</sup> However, no progress had been made in this direction by the time Labour left office.

Bevan did, however, introduce legislation designed to encourage the demise of the tied cottage. Under the Housing Act 1949 service cottages let without some form of tenancy agreement were not eligible for local authority reconditioning grants.<sup>83</sup> One of the main problems Labour faced when approaching the whole question of rural housing was the support of the farmers and the Conservatives for the system as it stood. An editorial in The British Farmer in June 1949 argued that from a 'practical and not a political' point of view the tied cottage was an essential part of the fabric of a farm, and that the real answer was to build more cottages. It was also claimed that the majority of agricultural workers were 'more than content' to live in service accommodation.

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81 The Landworker, May 1949.

82 See F.W.S. Craig, British General Election Manifestos (1945), p.156.

83 The Housing (Rural Workers) Act 1926 had provided subsidies for the improvement of rural dwellings, provided they had been inhabited by agricultural workers for at least 20 years. The Act had been due for renewal in 1945 but Labour, with the approval of the NUAW, had allowed the Act to lapse despite strong Conservative criticism. Bevan had argued that Labour's priority should be the building of new houses.

'The Government would be more usefully employed in driving ahead with the campaign for more houses in the country than in attempting to interfere with a system which experience has proved to be essential not only in agriculture, but in many other industries and professions'.<sup>84</sup>

The NFU stated its opposition to any attempt to bring tied cottages under the Rent Restriction Acts and similar views were expressed in the pages of the farming press. The Farmer and Stockbreeder argued that a 'reasonable' number of such dwellings would always be necessary and The Farmer's Weekly opined that until there was an adequate supply of cottages in rural areas, and until workers were prepared to pay for them on the same basis as any other tenant, any talk of abolition was simply 'playing to the gallery' and was not practical politics.<sup>85</sup>

Bevan and Tom Williams met the NFU in September 1949 to urge the farmers to adopt a 'moral code' in the hope of avoiding unfair and inhumane evictions. In reply the Union declared that it would fight any 'interference' by the Government, although the NFU did outline a number of proposals which had been approved by the Union Council and submitted to the County branches. Firstly, any NFU member who experienced any difficulties on the termination of the employment of one of his workers should consult with the leading office holder in his County Branch. If at any time instances arose of unreasonable conditions being imposed on an occupier, either the County Branch or the Union Headquarters should be prepared to investigate the

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84 The British Farmer, June 30th 1949. The British Farmer was the NFU's house journal.

85 The Farmer and Stockbreeder, March 23rd 1946 and The Farmers' Weekly, October 25th 1946.

matter. Finally, Union members should arrange that their employees in tied accommodation would have four rather than one week's notice to quit. The Union's aim was to show that its attitude was practical rather than political and that it was their 'sincere aim' to remove the possibility of any hardship.<sup>86</sup> Not surprisingly the NUAW showed little enthusiasm for the NFU's proposals, arguing that their suggestions were 'entirely inadequate'.<sup>87</sup> The Conservatives agreed with Labour on the need to build more houses in rural areas, but like the NFU regarded the tied cottage as an essential part of the equipment of a farm, and the Conservatives were also very critical of the Government's policy on the reconditioning of tied cottages.<sup>88</sup>

The NUAW were also very critical of what they regarded as the Government's over-generous treatment of the farmers. In 1950 the Union, together with the Clerical and Administrative Workers' Union, wrote to the TUC questioning the necessity of the price increases granted at the 1950 APR and asking the General Council to take the matter up with the Government. The matter was subsequently referred to the Economic Committee who held a meeting with the NUAW on July 24th. The Union stressed the importance of increasing the efficiency of British agriculture but emphasized their strong support for the principle of guaranteed prices.<sup>89</sup> NUAW representatives were also present when the Economic Committee met the Ministers of Agriculture and Food. The TUC delegation stressed that the APR settlement had caused some concern amongst many trade unionists, in view of the efforts being made

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86 Reported in The Landworker, September 1949.

87 ibid.

88 See the Agricultural Chapter (1948), p.42-43.

89 The TUC, Report of the 82nd Annual Congress (1950), p.259.

to restrain wage increases and the growing disparity between the cost of home-produced and imported foodstuffs. There had also been suggestions that prices were too high and that they were yielding excessive profits and subsidizing inefficiency.<sup>90</sup> The TUC were, however, quick to emphasize that they were not questioning the basic principles of Government policy. In reply Tom Williams argued that while prices might appear high they did not represent spendable income, as farmers had been investing approximately £40 million per annum in new machinery alone since 1947. The expansion of agricultural output required a 'reasonable level' of prices, particularly as the expansion programme required the cultivation of a large area of high-cost marginal land. Williams assured the Committee that the farmers did not always get the prices they asked for, and that the Government would not pay higher prices than it needed to.<sup>91</sup>

The NUAW put forward a resolution at the 1950 TUC calling on the Government to undertake more vigorous action to secure its production targets, particularly those for bread grains and animal feeds. The progress that had already been made, 'while not discreditable', was failing to secure the production of home-grown food on a scale adequate for the country's needs. The Union's proposals included the reorganisation of the CAECs and any other bodies concerned with food production and distribution to secure greater worker representation, and the reintroduction of cropping directions. The resolution was referred to the Economic Committee, which focused its attentions on the issue of cropping directions, and in January 1951 the Committee received a

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90 The NUAW had also criticised the Government for using the NFU's figures for workers' earnings rather than Union's figures. Self and Storing, *op. cit.*, p.175.

91 The TUC, Report of the 82nd Annual Congress (1950), p.392.

letter on this subject from Tom Williams. He argued that the imposition of detailed directions as to the areas of specific crops that should be grown would hinder, rather than help, the progress of the expansion programme, and that farmers who failed to maintain a suitable area under crops were still subject to directions.<sup>92</sup>

Agricultural marketing was another issue over which the NUAW clashed with the Government. At the NUAW's 1948 Conference a resolution was passed calling on the Government to give 'due consideration' to the Lucas Report and to establish the public control of agricultural marketing.<sup>93</sup> Two years later the Union was still pressing for the implementation of the Lucas and Williams' Committee proposals; one delegate argued that no action had been taken because MAF and the Government were afraid to stand up to the farmers, and that:

'On this question, as on many others, the time had arrived to make a stand and impose Labour policy on the farmers'.<sup>94</sup>

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92     The TUC, Report of the 83rd Annual Congress (1951), p.267-8. As was mentioned above, by the start of 1951 the Economic Committee had decided that no further useful action could be taken by the TUC on the constitution of the CAEC's.

93     The Landworker, August 1948.

94     The Landworker, June 1950.

As Alan Armstrong argues in Farmworkers, Labour's victory at the 1945 General Election seemed an auspicious moment for the NUAW. The Party's commitment to protecting the industry from price instability and an unchecked free market seemed likely to benefit the agricultural workers as well as the farmers and the landowners.<sup>95</sup> Despite the loss of P.O.W. and W.L.A. labour after the war the number of full-time workers engaged in agriculture increased from 515,400 in 1945 to 563,800 in 1948.<sup>96</sup> Wages and consumption standards also increased, the national minimum wage rising from 80 s. in July 1946 to 94s by March 1949. Agricultural workers also benefitted from the introduction of family allowances and the NHS. Under the National Insurance arrangements brought in 1948 farmworkers' contributions were set at a special low rate. Union membership continued to increase in the early post-war period, increasing from 128,678 in 1945 to a peak of 160,000, although by 1959 membership had fallen to 147,938, roughly 30% of the total agricultural labour force.<sup>97</sup>

The agricultural workers' gains in the post-war period were not sufficient to prevent a resumption of the trend for agricultural workers to leave the land; between 1949 and 1965 the number of adult males in regular agricultural employment fell from 385,400

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95 Alan Armstrong, op. cit., p.222.

96 Figures for agricultural employment are taken from H.T. Williams, Principles for British Agricultural Policy (1960). The total number of workers (regular, casual, WLA, and POW) fell from 769,700 to 740,800 in the same period.

97 Self and Storing, op. cit., p.159.



to 201,100.<sup>98</sup> In part, this reduction was due to natural wastage, with farmers replacing missing workers by machines, a trend encouraged by the rapid growth of mechanisation and by the increasing cost of agricultural labour, wage increases tending to outstrip increases in product prices and subsidies. The cost of employing a fulltime worker was further increased by the employers' National Insurance and liability insurance contributions. As we have seen, however, agricultural workers remained at the bottom of the industrial wages ladder and this fact, together with the increasingly transferable nature of farmworkers' skills, largely explains the drift from the land in the 1950's and 1960's, with workers leaving the countryside to seek better paid jobs in industry. The Union's failure to achieve its main policy objectives must, at least in part, explain its inability to consolidate the membership increases of the war and early post-war years and the subsequent fall in numbers, a view that was expressed by A.C. Dann amongst others. In the 1950's the Union increasingly expressed the view that, notwithstanding the absolute decline in the number of agricultural workers, recruitment was being hampered by the impact of mechanisation and new farming techniques, which brought with them changes that made the recruitment and organisation of farmworkers very difficult.<sup>99</sup> The Union argued that the fall in the number of workers employed had brought both an absolute decline in its membership and a relative decline, since those workers that remained in the industry were increasingly isolated, and rural life was becoming far less communal than it had been in the 1930's and 1940's.

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98 Armstrong quotes figures for the years 1960-1980. Over this period the index of UK farm product prices (including subsidies) increased by 392%. Farm wages increased by 532%, but the average cost of employing a full-time male worker increased by 818%. op. cit., p.235.

99 See B.A. Holderness, British Agriculture Since 1945 (1985), p.134.

If the agricultural workers had the most to gain from a Labour victory then the landowners clearly had the most to lose from such an occurrence. Although land nationalization was not part of Labour's immediate programme in 1945 it was far from being a dead issue and the potential threat of state acquisition led many owner-occupiers, the majority of whom were already members of the NFU, to join the CLA in the post-war period. Between 1945 and 1949 the Association's membership increased from 10,000 to 25,000,<sup>100</sup> and the growth and broadening of its membership base gave the CLA greater financial security and a wider political appeal, making it a more effective source of resistance to any policy of land nationalisation. Although the CLA was opposed to the state ownership of the land the Association remained in public politically neutral, despite the fact that many high-ranking CLA officials had close links with the Conservative Party. Lord Carrington and Lord Aldwyn were both Chairmen of the Association's Executive and both went on to serve as Parliamentary Secretary to the Minister of Agriculture. R.G. Proby, the Association's President after the war, was also Chairman of the Conservative Party and in 1961 the CLA had fifty members in the Commons and a larger number in the Lords.

The Conservative Party was naturally more sympathetic towards the landowners on issues such as the tied cottage and security of tenure, but the CLA did not give its official support to the Conservatives, preferring to use its statutory right to consultation under the 1947 Act to forge links with successive Ministers of Agriculture and with Whitehall. The CLA told its members that it was their 'key to

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100 Country Landowner, December 1960. NFU membership stood at 210,000 in 1953.

Government and Official bodies'.<sup>101</sup> The CLA enjoyed an uneasy relationship with Labour in the early post-war period. Tom Williams' view was that although, 'for better or worse', nationalization was not a part of the Government's programme, the existing land tenure system had to be made a help rather than a hinderance in the pursuit of the goals of stability and efficiency.<sup>102</sup> Although the CLA, together with the Workers' Union, had been involved in the discussions that had laid the foundations of the 1947 Act, Williams had rejected an amendment giving other agricultural organisations the right to take part in the APR, arguing the NFU were 'supposed to be representative of every phase and factor of the agricultural industry'.<sup>103</sup>

The 1947 Act made provision for the supervision and dispossession of landlords while at the same time reducing their authority over their tenants. The CAEC retained control over cultivation, disputes over rent were to be settled by arbitration, and a landlord could only remove a tenant by applying to his CAEC for a certificate of bad husbandry or by gaining their approval for a Notice to Quit. The 1947 Act also attempted to remove any uncertainties in the relationship between a landlord and his tenant; where no written contract of tenancy existed a tenant (or landlord) could require the other party to go to arbitration to get the existing terms of tenancy reduced to a written agreement.<sup>104</sup> The 1947 Act did increase a landlord's authority in one

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101 From Your Land, quoted in Self and Storing, op. cit., p.183.

102 H. of C. Deb (5th Series), Vol.438, Col.717.

103 H. of C. O.R. Standing Committees, 1946-47, Vol. 2, Cols. 78-9 and 94-109.

104 The Government's overall view was that one of the most important aspects of providing stability for the industry was to ensure that a 'reasonably efficient' farmer could 'plan his farming operations well ahead in the knowledge that he is not likely to be disturbed in his tenancy without just cause'.

area, widening his powers under the Agricultural Holdings Act 1923 to enter onto a holding in pursuit of his responsibilities under the rules of good estate management.

The launch of the expansion programme brought in its wake a thaw in Labour's attitude towards the landowners.<sup>105</sup> Tom Williams stressed the importance of the industry's contribution to the national economy and emphasized that the success of the expansion programme was not solely the Government's responsibility. The responsibility for 'seeing the job through' rested equally with MAF's 'other partners' in the industry. Supervision, he argued, was not the only way of eradicating inefficiency and landowners should be prepared to take action to increase their tenants' standards of husbandry themselves, and not simply wait for someone else to do it for them.<sup>106</sup> Labour continued to emphasize the role the landowners could, and indeed should, play in the administration of the 1947 Act and the expansion programme, although after 1951 some of Labour's old hostility began to re-emerge.<sup>107</sup> The Conservatives were somewhat more sympathetic to the CLA's point of view; the 1958 Act introduced an 'open market' principle for the fixing of agricultural rents, despite opposition from both Labour and the NFU. The 1958 Act also vested the responsibility for hearing applications for notices to quit with the Agricultural Land Tribunals rather than the CAEC's, and re-iterated the grounds for approval in a more positive and somewhat more comprehensive fashion.

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105 For the CLA's own account of the improvement in its relations with the Government see The CLA, 42nd Annual Report (1949).

106 PRO MAF 38/661, October 27th, 1949, 'Speech for the Minister at the CLA Annual Luncheon'.

107 See The Labour Party, Prosper the Plough (1958). Labour also made a number of criticisms during the passage of the 1958 Act.

The success of the CLA's policy of co-operation was demonstrated by the fact that the Association was able to gain a number of financial concessions for landowners from a Government that might have been thought to have been wholly unsympathetic to the Association's aims.<sup>108</sup> In this it was clearly helped by the demands of the post-war economy and by the changing nature of the CLA itself, which reflected broader trends in the pattern of post-war land ownership. Earlier chapters have discussed in some detail Labour's reasons for abandoning its policy of land nationalization; the CLA and the NFU were united in their resistance to this aspect of Labour's agricultural policy, and in the post-war period a large number of NFU members also belonged to the CLA.<sup>109</sup> However, on issues such as rents and security of tenure there was far less agreement between the Union and the Association. Although the CLA pressed for reform of the provisions of the 1947 Act the NFU 'occupied the political sunlight while landlordism was still in the shadow'.<sup>110</sup> The changes in tenure introduced under the 1958 Act had previously been agreed between the two groups on the Government's insistence, and applications for notices to quit were to be in keeping with the actions of a 'fair and reasonable' landlord.<sup>111</sup>

The NUAW also languished in the NFU's shadow in the post-war years and the Union's failure to consolidate and build on the membership gains of the war and early

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108 In the last Budget before the 1945 Election landowners were allowed to set the full cost of any improvement against tax in ten annual instalments. Labour maintained the general estate duty concession on agricultural land, converting this into an abatement of 45% in the 1949 Finance Act. Grants of up to 50% were made available for improvements to rural water supplies and drainage systems.

109 Approximately 75% of the CLA's membership after the war were owner-occupiers. Figures quoted in Self and Storing, op. cit., p.180.

110 Self and Storing, op. cit., p.187.

111 ibid. p.188.

post-war years can, to some extent, be explained by the Union's failure to make any real headway on a number of its key policy objectives after 1945. As earlier chapters have shown, having gained the co-operation of the NFU in the operation of the 1947, Tom Williams, and indeed the Government as a whole, were unwilling to contemplate any action which would jeopardize this relationship. Legislation to abolish the tied cottage would have posed just such a threat, and the NFU were keen to emphasize the importance of the tied cottage for agricultural efficiency at a time when the Government was seeking to maximise agricultural output. The abolition of the tied cottage was also hampered by the continuing rural housing shortage, which left workers dependent on their employers for accommodation which had not been remedied by the 1960's.

Despite their public expressions of disappointment with Labour the Union remained closely allied to the Party in its struggles; in The Landworker in May 1958 Harold Collinson, the General Secretary, told members that after talks with 'our friends of the Labour Party' he had been assured that the next Labour Government would deal with tied cottages as part of its housing policy. However, as we have seen even when in opposition Labour shied away from the abolition of service accommodation, and no moves towards abolition were made between 1964 and 1970. The NUAW was not invited to take part in the policy discussions which preceded the introduction of the Agriculture Act 1958, and this gave the Union the opportunity to look back nostalgically to the years before 1951. In 1958 Gooch, complaining about the Union's exclusion, emphasized that Labour had treated the NUAW as an 'equal partner' with

the NFU and had always sought their opinions.<sup>112</sup> This was certainly true (with the notable exception of the APR and the CAEC's) but the NFU's opinions had generally carried more weight with the Government. Despite the TUC's support for the NUAW's struggle for wage parity with other skilled workers, and a considerable increase in the national minimum, wages in agriculture remained between 2/3 and 3/4 of the average weekly earnings in industry, and farmworkers remained in their traditional place at the bottom of the wages ladder.

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112 The Landworker, May 1958.

## (IX)

### CONCLUSION

As Bowers argues, 'by any standards, British farmers had a good war'<sup>1</sup> and the industry's contribution to the war effort placed agriculture in a strong position when the post-war settlement began.

'Farmers were one of the groups that had a claim on the better world that was to emerge from the ruins of victory.'<sup>2</sup>

All the major parties had pledged that a 'healthy and well-balanced agriculture' would form an 'essential and permanent feature' of post-war economic policy. These promises, the industry's contribution to the war effort and growing doubts about post-war food supplies combined to make a second 'Great Betrayal' extremely unlikely.

During the 1930's the NFU had enjoyed the benefits of a wide range of state support, and had begun to develop close links with the government. The Union also pursued a vigorous recruitment policy in this period and sought to promote itself as the only responsible agricultural body. Although the government had accepted a degree of responsibility for the condition of the industry, support was still limited and the

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1 J. K. Bowers, 'British Agricultural Policy Since the Second World War', Agricultural History Review V33 (1985) Part 1, p 66.

2 ibid., p.88



Treasury opposed any system of comprehensive guarantees.<sup>3</sup> Even as late as 1939 the government did not want to encourage a large increase in production. However, in February 1939 the Minister of Agriculture initiated weekly meetings with NFU leaders to discuss the possibility of extending price insurance to a number of commodities. This gave the NFU an active role in the creation of policy and began the institutionalisation of government-farmer relations.<sup>4</sup>

This process was given a considerable boost by the War, which transformed the economic importance of the industry and with it the political position of the NFU. Earlier chapters have traced the evolution of the price review mechanism from the first ad hoc wartime reviews conducted with the NFU; the dispute with the farmers over the 1943 settlement led to the stronger assurances embodied in the APR. The government's pledge to review prices in the event of any change in costs, and the creation of the 'transitional' APR mechanism served to institutionalize the concept of price support for the industry. The Union's role in the policy process allowed it to exclude other interest groups and to establish itself as the sole agricultural negotiating body.<sup>5</sup> The APR was made a permanent feature of post-war policy in the 1947 Act and continued until 1972, when Britain's entry into the EEC robbed the annual review of its role as the mechanism for determining UK agricultural prices. The review

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3 Martin J. Smith, 'The Annual Review : The Emergence of a Corporatist Institution, in Political Studies (1989), xxxvii 81 - 96, p. 88.

4 See PRO MAF53/145, undated, 'Home Food Production 1939-1940'.

5 For example; in 1947 the breed societies pressed to be allowed to participate in the APR, and the NFU were able to persuade Tom Williams to refuse their request. Self and Storing, The State and The Farmer (1962), p. 63.

procedure is still used as a means of determining British farming's position in the EEC price review.

The APR grew out of the interdependence of the government and the farmers. The farmers sought price guarantees and the promise of 'stability' from the government. For their part, the government wanted increased production and so naturally turned to the farmers, as represented by the NFU.<sup>6</sup> This relationship transformed the Union from an ordinary pressure group to one with a privileged and virtually unassailable position in the post-war economy. The review mechanism limited demands on the government by forcing producers to accept certain responsibilities as a corollary to guaranteed prices, and by excluding non-farm interests. In this way it made the policy process more straightforward.<sup>7</sup>

As this thesis has shown, the APR functioned effectively, if wastefully, as a mechanism for encouraging increased production, but less so when expansion ceased to be the main goal of agricultural policy. The APR failed to address the industry's underlying structural problems; the wide variation in standards and incomes between producers, and the particular problems faced by small producers. Once in operation, it would have been difficult for any government to scrap the APR, given the NFU's desire for stability and the need for producers co-operation in expanding production. Even after expansion ceased to be the overriding goal, the perceived political importance of the farmers would have discouraged such a course of action. However,

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6 Martin J. Smith, *op. cit.*, p. 95.

7 An agreement on prices at the APR also served to legitimize the new arrangements to all producers.

neither Labour nor the Conservatives ever contemplated the end of the APR. The NFU's monopoly position in the policy process served to exclude other points of view and prevented any discussion of alternative policies. The APR therefore represented an effective closure on agricultural policy in the post-war period, and allowed the NFU to maintain its privileged position.<sup>8</sup>

Agriculture's role in Britain's post-war recovery allowed the industry to make considerable gains under Labour. The price mechanism, rather than controls or directions, was to be the engine of increased production in this period. The need to ensure the continued co-operation and active support of the industry also led Labour to back down on controversial issues such as nationalisation of the land and agricultural marketing. During the 1950's, political considerations replaced economic ones, as Labour sought to make electoral gains in the countryside. As this thesis has shown, however, both major parties greatly over-emphasized the importance of the 'agricultural vote'.

This new role in the policy process required the NFU to strive to remain politically neutral, and to work with the government of the day. In turn this required the NFU leaders to damp down any protests or militant action by the county and district branches. As early as 1938 the NFU hierarchy were asking members not to demonstrate in support of their demands, as this would damage the Union's developing relationship with the government.<sup>9</sup> James Turner and his colleagues had to remain

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<sup>8</sup> Martin J. Smith, op. cit., p. 95.

<sup>9</sup> See the NFU Record, August 1938.

publicly silent on issues such as agricultural marketing. Excluded from the review process, bodies such as the MMB could freely express their criticisms of the Lucas Committee proposals.

The APR has often been seen as 'a clear example of a working corporatist institution'.<sup>10</sup> The NFU were granted an important role in the policy process, and in implementing policy by 'selling' the APR agreement to the industry as a whole. The review mechanism certainly embodied elements of corporatism, primarily the incorporation of a monopoly. However, the NFU were not involved in the making of policy at the APR, and only undertook a very weak form of implementation. This limited role is illustrated by the fact that prices could be imposed without the Union's agreement, although this was a comparatively rare occurrence.

The APR was also not intended to reconcile the differences between competing economic interests, as all other such groups were excluded from the process. For the duration of Labour's stay in office, the NFU were not in conflict with the general direction of agricultural policy, although the NFU clashed with successive Conservative governments during the 1950's.<sup>11</sup> The relationship could also not be described as pluralist, in that other groups were excluded and the reviews were conducted without any consultation with Parliament or the public. While other

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10 See G. Cox, P. Lowe and M. Winter, 'From State Direction to Self-Regulation : The Historical Development of Corporatism in British Agriculture', Policy and Politics 14 (1986) pp 475-90, and D. Marsh (ed) Pressure Politics (1983). Smith, *op. cit.*, sees 'corporatism' as involving a pressure group-state relationship, and the implementation of policy by delegating public authority to corporatist bodies, who control their members to secure acceptance of negotiated agreements (p. 82).

11 Smith also argues that MAF 'did not provide the autonomous bureaucracy necessary for corporatism' *ibid.*, p. 95.

departments criticized APR settlements or the emphasis on particular commodities, there was no questioning of the overall thrust of policy or of the APR mechanism as a whole.<sup>12</sup>

Despite Treasury attempts to rein in expenditure on agriculture MAF, and ultimately the Cabinet as a whole, were unwilling to risk a break with the Union over the APR settlement in the immediate post-war period. The new prices were 'sold' to the industry by the NFU's agreement, which legitimized the arrangements to all producers. This explains why securing agreements at the APR was so important during Labour's time in office, when the expansion of production was the main aim of agricultural policy. An agreement was imposed on the NFU at the 1946 SPR, but the resulting uproar ended with the Union securing a number of concessions from the government.

However, as the BOP position and world food supplies began to improve after 1951/52, the pressure to reach an agreed settlement was reduced, and in 1956 an APR settlement was imposed on the industry. Although the Conservative government subsequently made a number of concessions the economic importance of the industry, and with it the power of the NFU in the policy process, had clearly begun to decline. While the Conservatives continued to stress their commitment to the principles of the 1947 Act, changing economic conditions made an APR agreement increasingly difficult to secure.

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12 See Chapter VI.

British agriculture underwent a painful period of transition in the 1950's, as successive Conservative governments moved away from state control and the sort of long-term planning the industry had enjoyed under Labour. The latter occurred despite NFU calls for talks on long-term planning. In the early 1950's the Conservatives had themselves advocated a limited degree of production planning, but quickly withdrew from this commitment despite NFU protests. By the end of the 1950's the CAECs had lost most of their original powers and duties, and a system of efficiency payments had replaced fixed guaranteed prices. Under the Conservatives, a growing proportion of government support was given in the form of direct subsidies, rather than through price guarantees, although this did little to remedy inequalities in the distribution of government support. The Agriculture Act 1957 limited the scope for price adjustments at subsequent reviews, although the level of support declined steadily as the industry was called upon to meet a growing proportion of cost increases through increased efficiency. By limiting the scope for discussion between the government and the NFU, the 1957 Act also reduced the importance of the price review mechanism.

How are we to assess the impact of 1945-51 on the post-war development of British agriculture? The problems the industry faced in the 1950's had their origins in the policies pursued in the immediate post-war period. By the mid 1950's farmers had to contend with the overproduction of certain commodities, at a heavy cost to the Exchequer. The products in question were pigs, milk and eggs and the problem was, at least in part, an inheritance from the expansionist policy Labour had pursued. However, the 1951 Conservative government had itself boosted egg and pig

production as a short-term measure to help facilitate derationing and decontrol. Both Labour and the Conservatives encouraged production at prices that proved to be unrealistically high in the long-term. In Labour's defence it must be pointed out that the recovery of food supplies could not have been foreseen when the expansion programme was launched in August 1947.

'During the hungry and rationed forties it seemed impossible to suppose that any measures which would bring back eggs and bacon to the Englishman's breakfast table could be anything by desirable'.<sup>13</sup>

Colin Clark had predicted in 1940 that, by 1960, primary products would have doubled in price in relation to manufactured goods by comparison with 1935-38.<sup>14</sup> As earlier chapters have shown, adjustments in relative prices were only made in the face of strong opposition from the NFU.

The war and the immediate post-war period saw two sharp increases in aggregate income. The second occurred in 1947, as the expansion programme was launched on the back of price increases of between 15% and 20%. These increases were intended both to compensate producers for increased farm wages and to act as a direct incentive to increased production. Earnings rose more slowly thereafter. Allowing for changes in the value of money, the value of total earnings declined slightly in real terms after 1950. However, the gains made under the expansion programme were largely

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13 Self and Storing, op. cit., p. 71.

14 Quoted in B A Holderness, British Agriculture Since 1945 (1985), p. 94.

retained, and so 'the objective of stability in the general level of farm income was certainly fully met.'<sup>15</sup>

However, as this thesis has shown, the Exchequer cuts that followed decontrol hit small producers particularly severely. The APR was built on a basis of 'undiscriminating aid to producers generally',<sup>16</sup> and no consideration was given to the special problems faced by small producers, or to the industry's underlying structural problems. It was not until 1959 that the first limited measures to help small producers were introduced, and the wide divergence in incomes and standards between producers remains a problem to this day.

If the objective of stability was achieved after 1945, it was only maintained by a high level of Exchequer support.<sup>17</sup> The problem lay in Labour's inflation of agricultural incomes in 1947, and the failure to agree realistic settlements at subsequent price reviews. The Treasury's influence on the price review was limited by the closed nature of the APR mechanism, and by the need to secure maximum levels of production throughout most of Labour's period in office. This need to retain the farmers' active support discouraged MAF, and ultimately the Cabinet as a whole, from attempting to 'hard bargain' with the NFU over prices. Thus the achievement of the expansion programme in saving foreign exchange has to be set against the long-terms

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15 Self and Storing, op. cit., p. 81.

16 Self and Storing, op. cit., p. 84.

17 Between £240 and 280 Million from 1954 onwards.



effects of Labour policy on the industry, and the cost of maintaining the stability of the industry in the post-war period.<sup>18</sup>

As was argued above, the weaknesses in the APR mechanism were finally revealed in the 1950's. During the 1930's Labour had helped to create a broad consensus which called for the national ownership of land and the reconstruction of British agriculture on a large-scale and more efficient basis. Once in office, however Labour were content to use the powers of the CAECs and the Ministry of Food and the review mechanism to control and direct production. The 1945 Party Conference emphasised the scale of the task that would be involved in implementing a policy of nationalisation. Given the overriding need to expand production after 1945, the NFU's response to any policy of national land ownership, and more pressing economic and financial issues, it is not surprising that Labour moved away from such a policy after 1945. Some measure of reorganisation could, however, have helped the industry adjust more readily to the changing economic climate of the 1950's.

There was some increase in farm ownership during the war, but not on the scale seen during World War One. Tenants were given increased security of tenure under the Defence Regulations, and rents were fixed according to criteria more favourable to the landholders, rather than the landowners. There was also no massive increase in owner occupation in the immediate post-war period, as low rents combined with fears of a

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18 In British Economic Performance (1988), Alford argues that, judged on the criteria applied to manufacturing industries, agricultural output in the period since 1950 has been artificially and substantially inflated. Given the size of the industry, he continues, this represented a serious loss of resources to other sectors of the economy (pp. 49-50).

second 'Great Betrayal' to discourage any headlong rush into land ownership. The 1947 Act and the 1948 Agricultural (Holdings) Act gave tenants increased security of tenure, greater freedom of cropping and protection from arbitrary rent increases. By 1950, the proportion of owner-occupied land had only increased by 2% over 1927. However, with the repeal of the Agricultural Holdings Act and sharp increases in rents, the 1950's saw an acceleration in owner-farming. Sturmeý attributes the increase, at least in part, to the continued break-up of the large agricultural estates, under the weight of death and estate duties, greater security for tenants, and relatively poor returns from land ownership. CAEC interference also helped encourage the sale of land.<sup>19</sup> By the 1970's owner-occupation had risen to over 70% of agricultural land.<sup>20</sup>

Newby, however, questions the validity of this view, suggesting that a large proportion of the increase in owner-occupation stemmed from landowners taking more of their property 'in hand' and farming it themselves.<sup>21</sup> The fiscal penalties involved in letting land rather than farming it and tenants greater security would have acted as disincentives to let. While investment in land offered a poorer yield than other forms of investment, at least until the 1960's, post-war policy halted any major decline and landowners also enjoyed the benefit of increasing capital gains. In the immediate post-war period, landlords enjoyed the benefits of priority for building materials, while in the 1950's the growing emphasis on production grants in the determination of

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19 S. G. Sturmeý, 'Owner-Farming in England and Wales, 1900-1950', in W. E. Minchton (ed.), Essays in Agrarian History (1968), p. 295.

20 Figure quoted in H. Newby, Country Life (1987), p. 198.

21 ibid., pp. 198-199.

subsidies benefitted them still further. While the lack of any register of land ownership makes it difficult to draw firm conclusions, it would seem fair to argue that the increase in owner occupation attributable to tenants, and with it any change in the pattern of land ownership, has been over-emphasised in the post-war period.

By the end of the 1950's deficiency payments had replaced fixed guaranteed prices, the CAEC's had been shorn of their wartime farmers, and cost efficiency had replaced expansion as the main aim of policy. The Conservatives had moved away from any semblance of production planning, and the 1957 Agriculture Act had reduced the scope, and with it some of the importance, of the APR. One damaging legacy of the post-war years was the overproduction of a range of commodities at excessively high prices. Another was the failure of both parties to address the issue of the industry's underlying structural problems, evidenced in the wide variation in both incomes and standards. The 1950's had seen a decline in the economic importance of the farmers, although their political importance, at least in the eyes of the major parties, increased. As this thesis has shown, however, both Labour and the Conservatives over-estimated the power of the 'farming vote', and Labour were able to make few inroads into rural Britain.

Although the economic importance of the industry had begun to decline. the Conservatives remained committed to the principles embodied in the 1947 Act, and the NFU retained their monopoly position at the APR. The 1947 Act remained the touchstone for agricultural policy matters into the 1960's, and the annual review continued to operate until 1972. The importance of both the 1947 Act and the review

mechanism to post-war policy demonstrates why a study of policy in the immediate post-war period is so important. This period saw the evolution of the annual review from a transitional measure to a permanent feature of economic policy, and the construction of the 'twin pillars' of stability and efficiency on which any policy was to rest. The unique role the NFU were assigned in the policy process, and the comparison between 1945-1951 and the years after 1918, also demonstrate the importance of this period in the development of the industry. In the inter-war period the farmers were consigned to the political wilderness; in the years after 1945 they attained a position closer to actual power than any other pressure group has achieved, and this thesis has revealed the economic and political factors<sup>which</sup> helped the NFU attain this privileged position.

## **ABBREVIATIONS**

APR	Annual price review
BOP	Balance of payments
BOT	Board of Trade
CEPS	Central Economic Planning Staff
CLA	County Landowners Association
C(W)AEC	County War Agricultural Executive Committee (After 1945 'War' was dropped from the Committees' name)
EHR	<u>Economic History Review</u>
ERP	European Recovery Programme
JAE	<u>Journal of Agricultural Economics</u>
MAF	Ministry of Agriculture and Fisheries
NAAS	National Agricultural Advisory Service
NFU	National Farmers' Union
NUAW	National Union of Agricultural Workers
OCED	Official Committee on Economic Development
OEEC	Organization for European Economic Co- operation
SPR	Special price review
TUC	Trades Union Congress

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